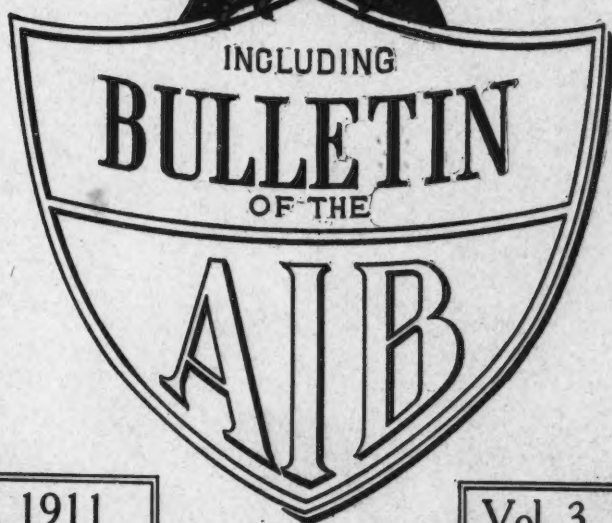


JOURNAL

OF THE

AMERICAN ENGINEERS

ASSOCIATION



April, 1911

Vol. 3, No. 10

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VOL. 3.

APRIL, 1911.

No. 10.

IMPORTANT MEETING OF THE CURRENCY COMMISSION, AMERICAN BANKERS ASSOCIATION.

The Currency Commission of the American Bankers Association met at the New Willard Hotel, Washington, D. C., March 27th, the entire day being given to the deliberations of the Commission. Brief meetings were also held on the 28th and the 29th, the following members of the Commission being present:

James B. Forgan, Chicago, Ill., vice-chairman; Festus J. Wade, St. Louis, Mo.; Joseph T. Talbert, New York City; George M. Reynolds, Chicago, Ill.; John Perrin, Indianapolis, Ind.; Luther Drake, Omaha, Neb.; Myron T. Herrick, Cleveland, Ohio; Solomon Wexler, New Orleans, La.; Robert Wardrop, Pittsburgh, Pa.; Arthur Reynolds, Des Moines, Ia.; Joseph A. McCord, Atlanta, Ga.; W. V. Cox, Washington, D. C.; John L. Hamilton, Hoopeston, Ill.; Fred. E. Farnsworth, New York City, secretary.

The following officers of the American Bankers Association were also at these sessions:

F. O. Watts, Nashville, Tenn., president; William Livingstone, Detroit, Mich., vice-president; C. H. Huttig, St. Louis, Mo., chairman Executive Council.

The only members of the Currency Commission not present were Chairman A. B. Hepburn, who is in Europe, and E. F. Swinney, of Kansas City, who was unavoidably absent, but who recently attended the conference of bankers in Atlantic City when the Aldrich plan was considered.

The Commission, in a body, made an official call on President Taft and Secretary of the Treasury MacVeagh. The object of the meeting of the Currency Commission at this time was for the thorough consideration of the proposed plan for "The National Reserve Association of the United States," known as the Aldrich plan, which is the result of the investigation of the National Monetary Commission.

The Currency Commission had before it the Aldrich plan with the suggested changes which had been brought out at the conference of bankers held with Vice-Chairman Vreeland at Atlantic City the early part of February. The Currency Commission, as a body, unanimously endorsed the Aldrich plan as a

general plan in its entirety, making certain suggestions, which, in the opinion of the Commission, would strengthen the proposed bill; points which, in many cases, were technical or changes in phraseology. Certain suggestions were made regarding the fifteen districts to be named, the filling of vacancies in the Board of Directors, etc., and also in regard to the appointive power in naming the Governor and Deputy Governors of the Reserve Association. Considerable attention was given to a plan for refunding the bonds that have been issued for circulation, and note issues, and a very free discussion ensued on the question of a plan to provide in some manner for Trust Companies, State and Savings Banks.

On the invitation of Senator Aldrich and the National Monetary Commission, the Currency Commission met the National Monetary Commission at their offices in the Senate Office Building, Tuesday and Wednesday, March 28th and 29th, holding four sessions. In addition to the presence of Senator Aldrich, chairman, and Vice-Chairman Vreeland, the majority of the members of the National Monetary Commission were present and took part in the discussion.

The original Aldrich plan as outlined, with the suggestions made at Atlantic City, and the suggestions made by the A. B. A. Currency Commission were thoroughly discussed. All phases of the proposed bill were brought out and will be given serious consideration by the National Monetary Commission. The section which would have to deal with the Trust Companies, State Banks and Savings Banks, was referred to a special committee of the Currency Commission consisting of Messrs. Wade, Wexler, Perrin, Herrick and Talbert. This committee will submit its findings to the National Monetary Commission.

The joint meeting was most successful in every particular; much enthusiasm prevailed, and it was evident that the National Monetary Commission is desirous only of presenting such a bill to Congress as will meet with the approval of the vast banking and busi-

ness interests of the country and one which will be best adapted to the future needs of the United States.

Vice-Chairman Forgan was requested and authorized by the Currency Commission to prepare a report of these meetings and submit same to the meeting of the Executive Council to be held in Nashville, May 2nd and 3rd. Mr. Forgan was also invited to make an address on Banking and Currency Legislation, embodying the Aldrich plan, at the Nashville meeting, which he consented to do. Senator Aldrich accepted the invitation of the officers of the Association to deliver an address before the next convention of the American Bankers Association on "The Matured Plan."

PROTECTIVE WORK APPRECIATED.

The Pittsburgh, Pa., Office of Our Detective Agents—
The William J. Burns National Detective Agency,
Recently Received the Following Letter from the
Attorney of One of Our Members in Pennsylvania:

"On behalf of my client, the — Bank of —, Pennsylvania, I desire to express our appreciation of the prompt and effective manner in which your agency handled the case of Charles R. Bynon, who cashed a check, to which he had forged the name of a drug company, at the bank at —, on March 4th. It was not discovered that the check was a forgery until the 6th day of March, and the case was placed in your hands on the 7th. Capt. — arrived here on the 8th, and had the man wanted, back in — by the 11th. As Bynon had gone to another state, and was persuaded to return to Pennsylvania, without extradition, we think that a tribute should be paid Capt. — for his tact and diplomacy in inducing Bynon to return without legal demand on the authorities. The attention given this case has convinced us that there is no better insurance against the criminal, for a bank, than membership in the American Bankers Association, and I am sending you this letter as an assurance that the work of the William J. Burns National Detective Agency for the quiet, prompt, and effective protection of the bank is thoroughly appreciated. With regards, I am."

OUR NEXT CONVENTION.

For the next convention, which will be held in the fall of this year, the Association has received invitations from San Antonio, Texas; New Orleans; Richmond, Va., and Atlantic City. These invitations have been extended by the Clearing Houses and affiliated banks in these various cities, reinforced by urgent invitations from the commercial organizations. The question will be settled by the Executive Council at its meeting in Nashville on May 2nd or 3rd, the Council having requested at the Los Angeles convention that its executive officers make a recommendation. The four cities have recently been visited by General Secretary Farnsworth.

There can be no question as to the hospitality which will be extended on the part of the bankers in these various cities, nor as to the attractiveness of the cities in the field and in each case peculiarly its own. San Antonio is one of the attractive cities of the Southwest and is now much visited by tourists

owing to its delightful climate, three fine hotels, the historic interest attached to The Alamo, its old missions, its government reservations, and more or less of the Mexican type in the city and its surroundings. New Orleans, the crescent city, is the important seaport of the South, with several fine hotels, and the attractions of an old French city with its Bohemian life; rehabilitated in fine homes, broad streets, good pavements and drives. Richmond, the capital of the Confederacy, now one of the modern, thriving, up-to-date cities of the South, rich in colonial, Revolutionary and Civil War history. Atlantic City, with its abundance of hotels and probably the most noted resort in the United States. The Council will face the problem of selecting one of these four cities: one which can adequately take care of the members of the Association in proper manner and at good hotels, bearing in mind the largely increased attendance at succeeding conventions, without questioning the hospitality of the bankers at these various points.

FIDELITY BONDS.

On page 75 of the August, 1910, Journal, there was published an article relating to Fidelity Bonds, which is of particular interest to banks members of this Association desiring bonds of this character. In that article the names of various companies writing our form of copyrighted fidelity bond were published, but we now submit a correct list to date, viz: American Bankers' Assurance Company, Dover, Del. American Bonding Company, Baltimore, Maryland. American Surety Company, New York, N. Y. Bankers' Deposit Guaranty & Surety Co., Topeka, Kan. Empire State Surety Company, New York, N. Y. Employers' Liability Assurance Corporation, Ltd., of London, England. United States Branch, Boston, Mass.

Federal Union Surety Company, Indianapolis, Ind. Fidelity & Casualty Company, New York, N. Y. Fidelity & Deposit Company, Baltimore, Maryland. General Bonding & Casualty Insurance Company, Dallas, Texas.

International Fidelity Insurance Co., Jersey City, N. J. Interstate Casualty Company, Birmingham, Ala. Lion Bonding & Surety Company, Omaha, Neb. Maryland Casualty Company, Baltimore, Md. Massachusetts Bonding & Insurance Co., Boston, Mass. National Fidelity & Casualty Company, Omaha, Neb. National Surety Company, New York, N. Y. Northwestern Trust Company, Grand Forks, N. Dak. Ocean Accident & Guarantee Corporation, Ltd., of London, England. United States Branch, New York, N. Y.

Pacific Coast Casualty Co., San Francisco, Cal. Pacific Surety Company, San Francisco, Cal. Southern States Fire & Casualty Insurance Company, Birmingham, Ala.

Southern Surety Company, Muskogee, Okla. Southwestern Surety Insurance Co., Denison, Texas. Title Guaranty & Surety Company, Scranton, Pa. United States Fidelity & Casualty Co., Baltimore, Md.

For the information of our members a copy of the bond referred to is herewith reproduced.

**THE AMERICAN BANKERS' ASSOCIATION
STANDARD FORM FIDELITY BOND.**

(Copyrighted 1899.)

Issued Only to Members of the Association in Accordance with License Granted the Companies.

THIS BOND, WITNESSETH:

WHEREAS, (hereinafter designated the "Employer") has appointed to positions in the service of the Employer, that certain persons or those certain persons (hereinafter designated "Employees") whose name or names appear in the schedule hereto attached, which is hereby referred to and made a part of this Bond, in respect of whom the Employer requires indemnity of the kind and nature hereinafter provided; and

WHEREAS, The Employer may hereafter require like indemnity in respect of other persons (hereinafter included in the designation "Employees") in the Employer's service:

NOW THEREFORE, For and in consideration of a stipulated premium, paid or agreed to be paid by the Employer,, a corporation existing under and by virtue of the laws of (hereinafter designated the "Company") hereby covenants and agrees to and with the Employer that it will, at the expiration of three months after proofs of loss shall have been furnished to the Company, pay to the Employer the amount of any loss or damage that shall happen to the Employer, in respect of any funds, property or estate belonging to or in the custody of the Employer, through the dishonesty of any of the Employees, or through any act of omission or commission of any of the Employees, done or omitted in bad faith, and not through mere negligence, incompetency or any error of judgment, and whether such dishonesty or such act of omission or commission occurs in the performance of any duty or trust specially assigned to such Employee or occurs otherwise; subject, however, to the following provisions and agreements:

1. There shall be no liability hereunder on the part of the Company unless the act or default through which such loss may happen shall, in respect of the Employees originally named in the Schedule, occur on or after the day of A. D., 190 , and shall in respect of any Employee hereafter added to the Schedule by notice and acceptance as hereinafter provided, occur on or after the date upon which his or her name shall have been added to the Schedule, and shall, in respect of all Employees, occur prior to or on the day of A. D., 190 , or prior to or on any other date to which this bond may be continued.

2. There shall be no liability hereunder on the part of the company unless such loss or damage shall be discovered during such designated term, or within one year after the final expiry (as determined by the term herein specified and any and all continuances) of this Bond, and within one year after the cancellation or termination of this Bond, or of any engagement hereunder in respect of the Employee causing a loss.

3. The Company's liability on account of any

Employee shall in no case exceed the amount set opposite his or her name in the Schedule hereto attached, as such name and amount now appear or as they may be hereafter added to or changed upon the Schedule in accordance with the provisions therefor hereinafter set forth.

4. If the Employer requires indemnity in respect of any Employee other than those named in the Schedule hereto attached, or if the Employer requires indemnity in respect of any Employee in the Schedule named in an amount larger or smaller than therein specified, the Employer shall give to the Company written notice of the name of such Employee and the amount for which the Employer may desire the Company to become bound in respect of such Employee, and thereupon the Company, if it elects to become bound for such Employee in the required amount, shall execute and deliver to the Employer its written acceptance, specifying the amount for which and the date from which the Company shall be bound in respect of such newly designated Employee, and specifying in respect of a change in the amount of indemnity, the new amount and the date from which it shall be effective, it being agreed and understood that thereby such name or names and specifications shall be deemed to be added to the Schedule hereto attached, and the obligations of the Employer and the Company in respect thereof shall be subject to all the provisions herein contained and in every way as though such name and specifications had formed part of the original Schedule.

5. Whatever number of engagements may be made by the Company with the Employer in respect of any Employee, either by way of separate bonds, or by acceptances as herein provided, or by continuances as herein provided, the aggregate liability of the Company for all losses under all its engagements shall not exceed a sum equal to the amount of the largest of the engagements under which such losses occurred, nor shall the Company be liable under any specific engagement for any loss occurring under any other engagement.

6. The Company shall in no event be liable for any matter or thing done by any Employee after definitely leaving the service of the Employer, nor for any act or default of an Employee occurring after a loss in respect of such Employee shall have come to the knowledge of the Employer.

7. The Company shall be primarily responsible to the limit of its bond in respect of any Employee, for any loss sustained by the Employer through the act or default of such Employee without regard to any other security or indemnity held by the Employer. If the Company shall pay the entire loss of the Employer in respect of any Employee, it shall be entitled to receive an assignment of any other security or indemnity which may be held by the Employer, with authority to seek contribution therefrom. If the Company shall pay only a portion of the loss of the Employer, it shall be entitled to receive an assignment of only such securities and indemnity as may remain after the Employer has been fully indemnified, with authority to seek contribution therefrom. Nothing herein shall be construed to authorize the Company to defer payment of any loss to the limit of its bond pending realization upon other security or

indemnity or pending any adjustment of rights respecting the same.

8. The Employer may, at any time, transfer any and every Employee for whom the Company is, or may become, during the continuance of this Bond, bound hereunder, from one position to another, and shift any Employee about at pleasure without notice to the Company, and the Company shall be and remain liable to the Employer for any loss hereunder as fully and to the same extent as if no transfers had been made.

9. The Company shall not be relieved from liability by reason of any Employee being required to perform varied and different and inconsistent duties permanently or temporarily without notice to the Company, and whether or not his or her compensation be at any time increased or diminished.

10. The Company shall not be liable to the Employer for any failure, neglect or refusal of any Employee to repay to the Employer any debt for money legitimately borrowed.

11. The Employer warrants that the following statements are true:

(a) Each Employee named in the Schedule has, while in the service of the Employer, discharged his or her respective duties in good faith (mere negligence or error of judgment not being considered) and with honesty, so far as the Employer has knowledge.

(b) There is at present, so far as the Employer has knowledge, no shortage in the accounts of any Employee bonded hereunder, and no misappropriation by any such Employee of any funds or other property belonging to, or in the custody of, the Employer.

(c) In so far as the Employer has knowledge, no one of said Employees habitually gambles, uses intoxicating liquors to excess, frequents houses of ill-fame, or is a spendthrift living beyond his or her means.

(d) That the written statements made to the Company by the Employer, regarding the indebtedness to the Employer of the several Employees named in the Schedule, truthfully and correctly show the amount of indebtedness of each Employee to the Employer at the time of making such statements, so far as the Employer has knowledge. A copy of said statements, certified by the Company, is delivered to the Employer with this Bond, and receipt of same is hereby acknowledged by the Employer.

In case of the breach of any of the foregoing warranties in respect of any Employee, then this Bond shall be void in respect of such Employee only, and the Company shall be relieved from all liability in respect of such Employee.

12. The Employer further covenants and agrees that the Employer will not at any time give the Company notice of the appointment of, or request the Company to become bound hereunder, in respect of, or to renew or continue this Bond or any engagement hereunder in respect of any Employee who has to the knowledge of the Employer, ever been guilty of dishonesty, or who, to the knowledge of the Employer habitually gambles, uses intoxicating liquors to excess, frequents houses of ill-fame, or is a spendthrift living beyond his or her means; and that on the notice given by the Employer to the Company of the appointment of any such new Employee, and upon

the request of any renewal or continuance of this Bond, or any engagement hereunder, the Employer will, upon request of the Company, state truthfully, in writing, the amount, if any, which such Employee or Employees may, to the knowledge of the Employer then owe the latter by overdraft, promissory note, as endorser or otherwise; and any breach of this covenant and agreement on the part of the Employer shall render any such acceptance, renewal or continuance executed by the Company in behalf of any and every such Employee void, and relieve the Company from all liability on account of every such Employee.

A copy of every such statement so made by the Employer to the Company regarding the indebtedness of any Employee, shall be certified by the Company and delivered to the Employer with the Company's acceptance of the risk or renewal of this Bond.

13. The Employer further covenants and agrees that if at any time during the term for which this Bond is written, or during any continuance hereof, there shall come to the knowledge of the Employer the fact that any Employee for whom the Company may be bound under this Bond, is dishonest, or has in bad faith and not through mere negligence or error of judgment, done or neglected to do any matter or thing, or that any such Employee habitually gambles, uses intoxicating liquors to excess, frequents houses of ill-fame, or is a spendthrift living beyond his or her means, the Employer shall promptly notify the Company of such fact, and the failure so to do shall relieve the Company from all liability on account of such Employee, in respect of loss or damage thereafter arising.

14. The Company, upon giving fifteen days' notice in writing to the Employer, may at any time cancel this Bond and terminate its responsibility hereunder in respect of the acts of any Employee done after the expiration of the fifteen days from the receipt of such notice by the Employer. If the Company subsequently pay any loss hereunder in respect of any such Employee the amount of premium paid as to such Employee shall be held to have been fully earned and to belong to the Company. Otherwise the Company shall, upon demand, return to the Employer a pro rata portion of the premium.

In the event of the cancellation of this Bond by the Company in respect of any Employee, the Employer may, by notice in writing to the Company, cancel the Bond in respect of all other Employees, and such cancellation by the Employer shall go into effect at the same time, and be subject to all the conditions relative to premiums, as the cancellation by the Company.

15. Upon the death of an Employee, or upon his resignation or discharge from the service of the Employer, the Company, if not more than the first annual payment shall have been paid, shall be deemed to have earned the whole of such premium; but where such occurrence takes place after the second annual premium shall have been paid or become due, the Employer shall be entitled to a pro rata portion of the premium under the same conditions as though the cancellation had taken place at the instance of the Company.

16. The Employer is directly liable to the Com-

pany for all premiums provided for herein, and the same shall be payable to the Company, or to the person by whom this Bond is delivered to the Employer, upon reasonable demand in writing. If not so paid, the Company may at once terminate this Bond by notice to the Employer, and upon receipt of such notice by the Employer, all liability of the Company for the acts of any and every Employee, committed during the time for which the Company shall have received no premium, shall immediately cease and determine.

17. The Employer shall, whenever required by the Company, give all information within the Employer's knowledge, or which can be obtained from the Employer's books or records, and shall render all assistance (not pecuniary) which will in any way aid in the apprehension, arrest or prosecution of any Employee, for any criminal offense committed by such Employee involving the liability of the Company, and in like manner shall aid and assist the Company in suing for or obtaining reimbursement from such Employee or from the Employee's estate or from other sources any moneys which the Company may have paid or become liable to pay under this Bond on account of such Employee.

18. The Employer shall give notice in writing to the Company promptly after knowledge thereof by the Employer of any loss in respect of which liability of the Company is claimed, and shall within six months thereafter, furnish the Company proof of such loss, and in default thereof, the liability of the Company therefore shall terminate.

19. All notices to be given by the Employer to the Company shall be by registered mail addressed to the Company at its principal office in and all notices to be given by the Company to the Employer shall be by registered mail addressed to the principal office of the Employer.

20. In case the Employer be a corporation, the knowledge of its Board of Directors or Trustees, or

of any Executive Officer, such as the President, Vice-President, Cashier or Assistant Cashier of a bank, and corresponding officers of a savings bank or trust company, who shall receive a salary from the corporation and shall be active in its affairs, shall be deemed to be the knowledge of the Employer, excepting that the knowledge of any such Directors, Trustees, or officers in collusion with the Employee through whose act the loss may arise, shall not charge the corporation.

21. So long as the Company and the Employer agree so to do, this Bond may be continued in force from year to year, and in case of such continuance, the Company's liability in respect of the Employees then in the Employer's service and for whom the Company may then be bound hereunder shall be the same as if this instrument had been originally written for a term including the period of such continuance.

22. No action, suit or proceeding at law or in equity shall be had or maintained on this Bond unless the same shall be commenced within one year from the time of making claim upon the Company for the loss in respect of which such action, suit or proceeding is based, or, in the event that an action, suit or proceeding so commenced shall be discontinued or dismissed without a trial upon the merits unless a further action, suit or proceeding shall be commenced within thirty days after such discontinuance or dismissal.

23. None of the conditions or provisions contained in this Bond shall be deemed to have been waived by or on behalf of the Company unless the waiver be clearly expressed in writing over the signature of its President or Vice-President.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by its President, and its corporate seal to be hereto affixed, duly attested by its Secretary, theday ofA. D. 190....

SCHEDULE referred to in the within bond, No.....Executed by.....

NAME OF EMPLOYEE.	COVERED HEREUNDER.		AMOUNT OF BOND.	
	From	To	In Words.	In Figures.

.....Company.

By.....

OUR MEMBERS' ATTENTION IS PARTICULARLY CALLED TO THE MANY ATTRACTIVE FEATURES IN THE FORM OF BOND PUBLISHED HEREIN. NO MISTAKE WILL BE MADE BY A

MEMBER WHO IS WITHOUT THIS FORM OF BOND, IF APPLICATION IS MADE FOR SAME TO ONE OF THE SURETY COMPANIES WRITING OUR FORM OF COPYRIGHTED BOND.

TRUST COMPANY SECTION

Membership in the section now numbers 1,097 companies, the largest in the history of the section, and a very gratifying increase since the last annual convention.

As announced in last month's Journal the executive committee of the section will hold its spring meeting in conjunction with the executive council of the association at the Hotel Hermitage, Nashville, Tenn., on May 1st next. Attention is called to the circular letter of the secretary recently sent to all members of the section, which is hereby reprinted and it is earnestly hoped that members who have not already done so will assist the officers in making the coming convention even more successful than in previous years.

To the Member Addressed:

The annual convention of this section have increased in interest and value as the members have co-operated by suggesting topics for addresses and discussion and by being represented by delegates prepared to discuss the topics proposed and selected.

While the convention will not be held until the autumn, the executive committee will meet within a few weeks to consider matters of interest to the section and to outline a program for the convention.

You are earnestly requested to advise me, before that meeting, of any matters which you would like brought to the attention of the committee, and particularly to make suggestions regarding the program, as to any topics which you would like to have brought up at the coming convention.

The committee will be pleased to receive any suggestions for addresses to be delivered before the convention and, for the names of those who you think could interest and instruct the members by preparing and delivering papers and taking part in the general discussions.

Very truly yours,

P. S. BABCOCK, Secretary.

Trust Companies' Banquet.

The announcement made in last month's Journal that the trust companies of the United States, members of the Trust Company Section of the American Bankers Association, would hold a banquet at the Waldorf-Astoria, New York City, on May 5th next, has met with very prompt and enthusiastic response. Not only have practically all the trust companies of

New York City subscribed for seats, but at this writing applications for seats to the number of nearly 400 have been received from various sections of the country, so that it is quite within bounds to say that the affair will be national in its scope. Although at the various bankers' dinners in the large cities of the country, trust companies have been represented, they have never held a representative dinner on their own account, and it is believed that this dinner will serve to emphasize the very prominent position trust companies are taking among financial institutions. Senator Aldrich, chairman of the National Monetary Commission, whose proposed plan of currency reform is now before the country, has promised to be present and deliver an address on "National Trust Companies" as outlined in his proposed legislation. It is expected that he will explain fully what he means in his proposal to nationalize trust companies, and to bring them into closer co-operation with the banks and the Central Reserve Association. It is intended that this should be the means of enlisting active interest in the matter on the part of the interior institutions.

It is confidently hoped that the Hon. A. Barton Hepburn, president of the Clearing House Association of the City of New York, will respond to the toast of "Trust Companies and Clearing Houses." Mr. F. O. Watts, president of the American Bankers Association, has accepted an invitation to be present and will respond to the toast of the "American Bankers Association and its Trust Company Section."

A notice regarding this banquet was sent recently to all the members of the section, but for those who may not have had it brought to their attention, it is announced that the price of each seat at the dinner will be \$12, and that applications for seats should be made to the secretary of the section at 11 Pine street, New York City.

Special Notice.

It is felt that it will be of much value and interest to the members of the Section to have collected in the Secretary's office, samples of advertising matter used by trust companies throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are, therefore, requested to send to the Secretary, at 11 Pine street, such advertising matter as they may be using at this time so that they can be arranged in books or filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.

SAVINGS BANK SECTION

During the month of March the work of the Savings Bank Section has resumed its accustomed activity. A letter of personal greeting from the newly appointed Secretary has gone out to every member of the Section and has been productive of good results. Orders for the Book of Printed Forms are coming in almost daily and banks in various parts of the country are availing themselves of the courtesies of the Secretary's office. It may not be commonly known, but the office contains the most complete collection of savings bank information extant, and with such facilities valuable and helpful suggestions can be made in matters pertaining to practical savings bank work. It is hoped that the members will freely use these privileges, and the Secretary will gladly assist in suggesting and recommending any changes that may be acceptable in systems, as well as furnishing information on other subjects pertaining to savings banking.

The work of the committees is well in hand. The Auditing Committee has been selected and is now at work on a list of suggestive questions to be submitted to the membership as forming the basis of their report to the Annual Convention. The names of the members of this committee will be found in the list of committees to be published next month.

The Spring meeting of the Executive Committee at Nashville will occur on Monday, May 1, at which time routine matters will be taken up and plans for the future discussed.

Plans are under consideration by the Membership Committee for a systematic campaign for new members, the object being to increase the membership of this Section to 2,000 members before the next convention. We now have 1,839 members, and it is hoped that the State Vice-Presidents and the members individually will lend a hand in this work as occasion offers.

The value of the Book of Printed Forms cannot be overstated, as any savings bank man who has used this work will testify. It is unusually rich in suggestion, and any contemplated changes in savings bank systems should not, in justice to the work, be made without full and complete inquiry into the systems of other banks, which a work of this kind admirably presents, without the expenditure of time and labor such as personal inquiry entails.

Frequently requests are received for representative forms of various kinds, and in some instances the Secretary does not feel warranted in urging the purchase of the Book of Forms. In order to meet such needs, the Secretary would be pleased to receive forms such as pass books, deposit and withdrawal blanks,

signature cards—in fact, any forms, so that a supply may be on hand for such purposes.

Mr. Lucius Teter, Chairman of the Committee on Savings Bank Laws of this Section, addressed New York Chapter, A. I. B., on the evening of March 28, on the subject of "Some Considerations of American Savings Bank Conditions," a review of which will appear in the columns of the Bulletin in due season. Previous to the meeting a dinner was tendered to Mr. Teter at the Hotel Chelsea, participated in by the most active of the savings bank members of the Chapter.

"Savings Bank Section Book of Printed Forms"

The book is handsomely bound in flexible seal, issued in a convenient loose-leaf style, and comprises over 600 of the most useful and typical forms used by the most progressive savings banks of the country; these forms were selected from a collection of over 20,000 blank forms on file at the Secretary's office, and bound up in about fifteen huge volumes.

The forms are reproduced at one-half their original dimensions, viz., one-quarter of the area. The third edition is for sale to non-member banks at \$18 per copy, and to members of the American Bankers Association at \$12 per copy. Orders will be received and promptly attended to by William H. Kniffin, Jr., Secretary the Savings Bank Section, 11 Pine Street, New York City.

BANK ON WHEELS GATHERS CASH OF TRUST CO.'S RURAL PATRONS.

An automobile with a steel-walled limousine body, to be used as a rural free delivery for the benefit of country depositors, is the innovation of a trust company in Paterson, N. J.

The car is similar to that formerly used by the Night and Day Bank in this city when the system of sending an automobile to gather up the cash receipts of the day from Broadway restaurants was used.

In Paterson, however, the machine is to be sent out to the homes of depositors that are situated some distance away from the trust company. It is also expected to be useful in bringing in new business from isolated sections.

The car is an elaborate affair. It contains a complete office equipment, consisting of a desk, chair, ledgers, blank checks and other papers. In it is a steel-barred window, while in a rack convenient to the hands of clerks in the machine are rifles and revolvers.

CLEARING HOUSE SECTION

THE BOSTON METHOD OF COLLECTING COUNTRY CHECKS THROUGH THE CLEARING HOUSE.

By Charles A. Ruggles, Manager of the Boston Clearing House.

That the use of checks has increased rapidly in the past ten years is an undisputed fact, and the question of how to handle them to advantage, or without loss, is a problem that has caused much discussion. All large cities have had the same experience and have dealt with the question in various ways. Rather than ask his bank to draw exchange, the country merchant sent his check to Boston in payment of his account, and in this he was encouraged by the city merchant, who deposited the check in his bank, where it was received at par. This continued until the volume handled reached such proportions as to make the item of exchange quite prominent in the expense account, which the city banker sought to reduce by various methods. In many cases checks were not sent directly to the banks on which they were drawn, some other route being selected to avoid exchange charges. Most of the large cities have adopted a schedule of collection charges. New York City banks accept at par checks on Albany and Troy only in the State of New York; on Philadelphia, but not on Pittsburgh or any other place in Pennsylvania; on Providence, R. I., and on Boston, Mass., but not on Hartford or New Haven, or any other point in New England. The clearing of city checks being a decided advantage over the old method of exchanging and settling with each bank individually, why not extend the method to cover banks at a distance?

Under the Boston system checks are forwarded by the Clearing House direct to the banks on which they are drawn, the Clearing House acting as agent for the city banks. The argument sometimes used against this method is that sending checks direct to the bank on which they are drawn is not good judgment and contrary to law. The Massachusetts courts have not yet been called upon to decide in a case of this nature, but the Supreme Court of Pennsylvania has rendered a decision that a bank is not the proper agent to collect its own indebtedness, and collections should be made through other channels. But suppose there are two banks in a town, in only one of which you have confidence, should you send the checks drawn on that institution to the weaker bank to collect? Would that be good judgment? As far as the risk is concerned the records show that on a business covering eleven years and amounting to approximately seven thousand millions of dollars the loss has been one thousand three hundred dollars.

Cost for Collecting.

The first year the amount collected was five hundred and forty-one million dollars, at a cost of ten cents per thousand dollars; the second year five hundred and sixty-five million dollars at a cost of eight cents; the third year, six hundred and seven million dollars, with cost reduced to seven cents. Since the opening of the Foreign Department, as we term it, the average yearly business has been six hundred million dollars and the average cost seven cents. The expenses are met by an assessment levied on the banks based on their average daily business. There are at present in New England six hundred and thirty-seven banks and trust companies to whom checks are sent, and the number of packages handled will average five thousand five hundred daily.

Advantages.

With few exceptions checks only are collected. In some instances drafts on a town treasurer or on a corporation are accepted if payable at a bank, and if instructions have been given the bank to treat them as checks and remit for them on same basis; otherwise time items are collected by the banks under the schedule of charges adopted by the Boston Clearing House Association. It is undoubtedly true that our system has disarranged in many cases the business relations that heretofore existed between Boston banks and those in the larger cities of New England, but at the present time it is doubtful if many of the banks would care to resume their former methods, first, because the country banks are, to a greater extent, sending New England checks to their Boston correspondents, thereby getting the benefit of the par list which includes ninety per cent. of the New England banks, and second, they prefer that all the checks on them coming from Boston banks be sent through the Clearing House, in which case they draw but one check in payment, which is a decided advantage. Moreover, the banker is enabled to determine at sight the cost of such collections, which is a great convenience in analyzing an account. Checks also go direct, and not by an unknown, roundabout course.

The country banks also make specific charges on time items, which, to a great extent, reimburse them for the loss of exchange charged heretofore on checks. In many cases depositors are charged a nominal sum to cover the expense of keeping an account where the balance maintained is not sufficient to cover the cost of making collections, and again, the payment of interest on balances is more generally allowed than was the custom a few years ago. These are some of the advantages resulting from the system.

Description of System.

A brief description of the system would be as follows: The checks are listed by the city banks on printed slips, the slips of each State being of a different color; attached to the slip is a check-ticket on which appears the name of the city and country bank and the total footing of the accompanying slip. Deliveries must be made at the Clearing House not later than 3:30 p. m. daily, except Saturday, and then at 1:15 p. m. Each city bank on delivering its checks makes a written statement of amount on each State and the grand total.

For this they are given a receipt, which is charged to the Clearing House the morning of the second day following, the bank thereby receiving payment for all its New England checks in only one day more than it takes to collect checks on Boston. When received by the Clearing House the packages are sorted by States, and alphabetically as to cities and towns. The force at the Clearing House, consisting of eighteen clerks, detach the check tickets, which are filed away for reference in case of error, and assort the packages by banks. The envelopes and letterheads having been previously addressed, the listing of the packages and examination of the letters take but a short time, the mail being in the Post Office before five o'clock. Attached to the letterhead is a coupon on which is recorded the date, amount and name of correspondent. This is retained and used by the bookkeepers in charging, while the posting of credits is done directly from the letters accompanying remittances when received.

Settlement.

To facilitate the settlement the Manager is a member and participant in the morning exchanges. When Boston checks are received in payment they are charged to the several members on which they are drawn, while New York drafts and currency are charged to the various banks in proportion to the daily average of their collections. A few of our correspondents are located at points so remote that it is impossible to get returns in two days, a few taking one day more. Ninety-five per cent. is, however, received when due, the balance being provided for by charging each member its proportionate part of the amount due and unpaid, so that complete settlements are made daily. Checks returned protested or for any informality, are charged back to the members, as are also those reported missing, as well as errors in listing or addition.

Practicability of the System.

Is the Boston system one that can be put to practical use in any locality? Mr. Edward S. Schenck, of New York, in his very able paper entitled "The Evolution of the Clearing House," refers in a very complimentary manner to the Boston method, comparing that city to London in the method of check collections, the area covered being nearly the same, about sixty thousand square miles. Boston collected in 1910 country checks to the amount of five hundred and sixty-nine millions; London collections aggregated five billions of dollars; Boston's correspondents number six hundred and thirty-seven, and the population

of New England aggregates six millions; London collected through three thousand banks and from a population of thirty-seven millions, showing that the number of correspondents may be extended to any limit. Mr. Hallock, who has made a study of Clearing House methods, says in his work, "Clearing Out of Town Checks," the Boston system is worthy of imitation, good enough for service anywhere and entitled to praise. It has been stated, and is doubtless true, that the New England States, having in Boston a commercial and financial center, are particularly well situated for such an experiment. But may not a line be drawn somewhere about any of our large cities, and this or a similar method adopted? Perfection is not claimed for this system, but it certainly is a step in the right direction, and with such changes as may be found necessary it may be adapted to other sections of the country and thereby greatly improve the present methods of making collections; and with the Clearing Houses as collecting agents in the several sections, the idea might be carried a step further and the Clearing Houses exchange checks, which would again greatly facilitate the work of the banker and reduce the cost to a minimum.

TRANSIT DEPARTMENT SYMBOLS.

The transit managers from various cities of the United States, who met in Chicago in December to devise a system of symbols for use in transit departments to minimize the work in said departments, appointed a special committee to work out the plan evolved at that time. This committee has completed its work, and its findings will be submitted to a committee of the Clearing House Section which will meet in Chicago on the 10th of April. The object of this meeting is to approve the work of the special committee, and thereafter the proposed system will be brought to the attention of the various banks of the country.

The local press of New York City has made announcement that in the near future the New York Clearing House will give consideration to the employment of a high class bank examiner with a corps of efficient assistants to make regular examinations of all of the banks and other financial institutions affiliated with the central organization. This will be in line with the eleven cities of the country which now have Clearing House examiners and in which the system has been pronounced most satisfactory and successful. Included in these eleven cities are Chicago and Philadelphia.

Official Badges.

After providing for the delegates who attended the Los Angeles convention, a few of the official badges prepared by the Association were left over. Any of our members not present at Los Angeles who would like one as a souvenir, can obtain same by writing to the General Secretary. These will be sent out in the order in which the applications are received until the supply is exhausted.

STATE SECRETARIES SECTION

ORGANIZATION OF SECRETARIES OF STATE BANKERS' ASSOCIATIONS.

Organized November 13, 1902.

OFFICERS.

W. F. KEYSER, Sedalia, Mo., *President*.
N. P. GATLING, Lynchburg, Va., *First Vice-President*.
L. A. COATE, Boise, Idaho, *Second Vice-President*.
FRED. E. FARNSWORTH, New York, N. Y., *Secretary & Treasurer*.

BOARD OF CONTROL.

J. W. HOOPES, Austin, Texas.
WILLIAM J. HENRY, New York, N. Y.
S. B. RANKIN, South Charleston, Ohio.
HARRY YEAGER, Lewistown, Montana.
C. H. WELLS, Salt Lake City, Utah.

CONVENTIONS TO BE HELD IN 1911.

April	6-7.	Arkansas	.....	Little Rock
"	18-20.	So. Car.	.....	Pine Forest Inn, Summerville
May	1-3.	Executive Council	A. B. A., Hotel Hermitage,	Nashville, Tenn.
"	2-3.	Louisiana	.....	Baton Rouge
"	10-11.	Mississippi	.....	Greenwood
"	10-11.	Florida	.....	Ocala
"	16-18.	Texas	.....	Dallas
"	22-23.	Oklahoma	.....	Oklahoma City
"	24-25.	Kansas	.....	Kansas City
"	24-25.	Missouri	.....	Kansas City
"	29-30.	Tennessee	.....	Hotel Hermitage, Nashville
June		Michigan	.....	Detroit
"	7-8.	So. Dakota	.....	Cataract Hotel, Sioux Falls
"	8-9.	Georgia	.....	Savannah
"	12-14.	Idaho	.....
"	13-14.	Pennsylvania	.....	Philadelphia
"	15-16.	Iowa	.....	Mason City
"	15-17.	California	.....	Lake Tahoe
"	15-17.	Virginia	.....	Homestead Hotel, Hot Springs
"	20.	Minnesota	.....	Bemidji
"	20-22.	Maryland	.....	Deer Park
"	21-23.	No. Car.	.....	Lake Kanuga, Hendersonville
"	22-23.	New York State	.....	Oriental Hotel, Manhattan Beach.
"	27-28.	North Dakota	.....	Fargo
July	6-7.	Ohio	.....	Hotel Breakers, Cedar Point, Sandusky
"	12-13.	Wisconsin	.....	Milwaukee
Sept.	7-9.	Amer. Inst. of Banking	.....	Rochester, N.Y.
Oct.	-	Illinois	.....	Springfield

IOWA BANKERS ASSOCIATION.

The Group system has proven a great success in Iowa. Three Group meetings were held on February 22nd at Ottumwa, Burlington and Williamsburg, respectively, at each of which there was a large attendance. Other Group meetings to be held are as follows:

Group 2.....	May 17.....	Webster City.
" 3.....	" 16.....	Charles City.
" 4.....	" 10.....	Elkader.
" 5.....	April 26.....	Council Bluffs.
" 9.....	May 2.....	Osceola.

MISSOURI-KANSAS JOINT MEETING.

The program of the joint meeting of the Missouri and Kansas Bankers Associations on Wednesday, May 24th, is as follows:

Meeting called to order at 8 o'clock P. M. by Mr. J. F. Downing, president Kansas City Clearing House Association.

Address—"Kansas From the Viewpoint of a Missourian," Hon. David R. Francis, vice-president Merchants-Laclede National Bank, St. Louis, Missouri; ex-Governor of Missouri.

Address—"Missouri From the Viewpoint of a Kansan," Hon. W. J. Bailey, vice-president Exchange National Bank, Atchison, Kan.; ex-Governor of Kansas.

Address—"The American Bankers Association," Mr. F. O. Watts, president American Bankers Association, Nashville, Tenn.

Address—(Subject not yet announced), Hon. Franklin MacVeagh, Secretary of the Treasury, Washington, D. C.

NORTH DAKOTA STATE CONVENTION.

Some of the interesting features of the convention of this Association at Fargo, June 27th-28th, will be an address by a member of the Monetary Commission on the "Reserve Association Plan," and a full discussion of this subject by members of the Association. Also an address by Prof. Campbell on "Improved Methods of Farming"; and an address and demonstration by Superintendent Snyder of the Hebron Experimental Station, showing the methods of utilizing lignite coal in producing power by the gas producer process. It is estimated that half of the State of North Dakota is underlaid with a thick vein of lignite coal.

Ample provisions will be made for the entertainment of ladies attending the convention.

SOUTH CAROLINA STATE CONVENTION.

The following gentlemen have promised to be present and make addresses at the eleventh annual convention of the South Carolina Bankers Association at Pine Forest Inn, Summerville, April 18th-20th: Hon. Franklin MacVeagh, Secretary of the Treasury, Washington; Congressman Edward B. Vreeland, Vice-Chairman of the National Monetary Commission; Mr. William Ingle, Vice-President and Cashier Merchants National Bank, Baltimore, Md.; Lieut-Governor Charles A. Smith, President Citizens Bank, Timmonsville, S. C.; Mr. John E. Gardin, Vice-President National City Bank, New York, N. Y.; Hon. R. B. Scarborough, President Bank of Horry, Conway, S. C.; Capt. H. H. Watkins, Director Peoples Bank, Anderson, S. C.; Mr. John D. Walker, President First National Bank, Sparta, Ga.; Mr. J. Lyles Glenn, President National Exchange Bank, Chester, S. C.

Addresses of Welcome will be made by Hon. S. Lewis Simons, Mayor of Summerville; Mr. Elias Doar, Cashier Bank of Dorchester, Summerville; Hon. R. Goodwyn Rhett, Mayor of Charleston. Suitable responses will be made thereto.

The entertainment features will include golf tournaments, bowling contests and tennis (silver prize cups being presented to the victors), horse-back riding, driving, automobiling and a visit to the only commercial tea farm in America.

On one of the days the visitors will be the guests of the Charleston Clearing House, and will be entertained by an excursion to Charleston, with a sail around the harbor, a visit to Fort Sumter, and possibly visits to the Charleston Navy Yard, and the celebrated Magnolia Gardens.

Other social functions include teas, receptions, and a ball, ending with the customary annual banquet on the last evening.

N. P. GATLING.

Mr. Gatling, secretary of the Virginia Bankers Association, has been elected assistant cashier of the Chatham and Phenix National Bank, New York City. He has been affiliated from time to time with banking institutions in Lynchburg, Philadelphia, and other cities, and is a practical banker of wide experience.

Mr. Gatling was elected secretary of the Virginia Bankers Association in 1902, and under his administration the Association has grown extensively, the membership being now the largest in its history. The Group system has also been very successful, the meetings of the respective Groups proving of great assistance to the secretary in stimulating interest throughout the State. As a result of the work of the Association, a bill was recently passed by the Virginia Legislature, creating a system of bank examinations.

Mr. Gatling is also first vice-president of the Organization of Secretaries of State Bankers Associations, which was made a Section of the American Bankers Association at the convention at Los Angeles in October last.

COL. W. J. B. PATTERSON.

In the death of Col. Patterson on March 5th, the bankers of the State of Texas lose a most valued friend. Col. Patterson was at all times foremost in furthering the interests of the banking business. Under his able editorship the "Texas Banker" became one of the most popular State financial publications extant. In July, 1910, it was merged with the "Texas Bankers Journal," at which time he severed his connection with the paper. Col. Patterson was also for a number of years Assistant Secretary of the Texas Bankers Association, and formulated and carried to a successful issue many good ideas in the advancement of Association work. He was well known, not only in his own State, but throughout the country as a very progressive man; his chief characteristics being good nature and geniality.

NORTH DAKOTA BANKERS ASSOCIATION.

The North Dakota Bankers Association recognizing the fact that that State depends to a large extent upon agriculture for its prosperity, has been interesting itself for the past year or so in the movement to improve their rural schools; the rural school being a prime factor in the growth and development of the State.

There are now two bills before the Legislature—one introduced by Senator Wesley C. McDowell, president of the Association, and the other by Mr. E. C. Olsgard, also a member of the Association, providing for aid to rural schools that maintain a reasonably high standard. Both of these bills have been reported favorably from the Committee on Education and they are now in the hands of the Committees on Appropriations.

NORTH CENTRAL WASHINGTON BANKERS LEAGUE.

The second meeting of the League was held at the Commercial Club, Wenatchee, on Saturday, March 11, and proved to be one of the most successful and interesting bankers' meetings ever held in the State.

The League is composed of bankers in the counties of Chelan, Douglas, Grant and Okanogan. In addition to the regular members, many bankers from outside cities were in attendance.

The morning session was devoted to routine work and reading of the reports of the officers, after which the visiting bankers were taken for an automobile ride around the city of Wenatchee, across the Columbia River and through the orchards in the valley.

At the afternoon and evening sessions very interesting addresses on various phases of the banking business were made by well known bankers; also a general discussion covering a number of important subjects, which brought out quite a few valuable suggestions for future consideration.

A resolution was unanimously adopted expressing the earnest desire of the League that the invitation to be extended by the bankers of Wenatchee to the Washington Bankers Association to hold its 1911 convention in that city would be accepted, and pledging its support to make it one of the most successful in the history of the Association.

After adjournment, the visiting bankers were the guests of their Wenatchee hosts at a banquet held at the Commercial Club, which function was of an informal character, good fellowship predominating.

PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Texas Bankers Association,
Office of the Secretary.

Austin, Texas, March 23, 1911.

WARNING NOTICE!

O. W. Deckard, thirty-two years old, weight 165 pounds, height five feet ten inches, decided brunette, dark eyes, long straight black hair, which comes down low on forehead, broad square face, rather stooped shoulders; when last seen was wearing black suit and black hat, represents himself to be connected with the Oklahoma Development Co., Severs Building, Muskogee, has been drawing fraudulent checks on the First National Bank and First State Bank of Bristow, Okla. Warrant for his arrest is held at Eagle Lake. He is said to be a smooth operator, and our members are warned to be on the lookout for him.

L. L. Bird is reported as drawing worthless checks on the Gonzales County State Bank of Nixon, Texas. The only description that we have of this party is that he is tall and slender and a man about thirty years of age.

Washington Bankers Association,
Office of the Secretary,

Tacoma, Wash., Feb. 20, 1911.

WARNING.

No. 192.—Warning from California.—Look out for one M. S. Denison, who has been drawing bogus drafts on L. V. W. Brown and bogus checks on First National Bank, Riverside, Cal.

No. 193.—Lost Certificates.—A letter containing time certificates of deposit issued by First State Bank of Bimford, N. D., and payable to A. Garborg, has been lost in the mails.

No. 5656.—\$1,000; No. 5657, \$500; No. 5658, \$500; No. 5659, \$714.71. If presented notify Peoples Bank, of Stanwood, Wash.

No. 194.—A man by the name of H. C. DeSteele succeeded recently in cashing a number of checks on merchants in Harrington—one drawn on First National Bank of Harrington, and several on Lincoln County State Bank of Davenport, having no account in either bank. Was engaged in promoting a special mis-spelled word advertisement scheme in a local newspaper. Description: Height, 5 feet, 8½ in.; weight, 175 lbs.; age about 40; smooth shaven, large eyes and Roman nose; wore blue coat and corduroy trousers; constant cigarette smoker and frequents saloons.

No. 195.—One Andre Durand recently issued a number of bogus checks on the First National Bank of Chewelah, having no funds in said bank. Description: Height, 5 ft. 6 in.; weight, 145 lbs.; red hair, mustache streaked with gray; nose partly crooked, as if broken; wore a soft brown hat, canvas raincoat lined with rubber. He is a Frenchman and lively talker, and talks broken English. Notify H. W. Hood, City Police Officer, Chewelah, Wash.

No. 196.—Wanted for Forgery.—H. C. Stroven, occupation sheep herder, age 20 years, complexion light, weight 180 lbs.; eyes almost white, peculiar featured face, long, sharp nose, smooth shaven. Forged checks on W. G. Jenkins & Co., Bankers, MacKay, Idaho. If party is located, wire them.

Washington Bankers Association,
Office of the Secretary,

Tacoma, Wash., March 5, 1911.

WARNING.

No. 197.—Counterfeit \$5 Bill.—Notice has been issued by Thos. B. Foster, United States Secret Service Officer, Seattle, Wash., of the appearance of the following described counterfeit \$5 bill. On the Mechanics and Metals National Bank, New York City, Series 1902-1908, check letter C; W. T. Vernon, Register of the Treasury, Lee McClung, Treasurer of the U. S., Charter number 1250, Bank number 3927, Treasury number U124911; portrait of Harrison. Defects:

Treasury in Register of the Treasury is spelled "Treasnrng." On the back of the note the word "imports," in the panel at the bottom is spelled "diports." Note is printed on bond paper, of good quality, red and blue ink lines being used to imitate the silk fibre of the genuine paper.

No. 198.—Travelers' Checks Stolen, numbered T583876 to T583899, inclusive, issued January 24, 1911, by the Green Lake State Bank, Seattle, in favor of Rollin C. Faxon, drawn on Knauth, Nachod and Kuhne, New York City.

No. 199.—Under name of Henry Clay, a party agreed to buy a \$5,000 interest in a laundry at Hoquiam, and talked of other investments. Borrowed \$25 from one of the owners and had him endorse a draft, dated February 5, 1911, for \$150, drawn by Henry Clay on W. L. Moody & Co., Bankers, Galveston, Texas, which was returned marked "No such account on our books." Clay left Hoquiam February 5, and has not been heard of since. Description: About 6 ft high; 41 years old; has iron gray hair, gray eyes, gold crown on lower back teeth. Claims to own a cotton plantation near Houston, Texas. Speaks with a decided Southern accent. If located advise the Secretary.

Ohio Bankers Association,
Office of the Secretary,
Wyandotte Building.

Columbus, O., March 8, 1911.

LOOK OUT!

For forged "Time Checks" of a large manufacturing concern of Hamilton, Ohio, on a local bank. Man presenting checks is described as being about 5 feet 7 inches tall, round, florid face, light hair, blue eyes, about 35 years old, and having a quick nervous manner of speech. When last seen wore a brown mixed suit of clothes, soft gray hat. Checks were payable to F. M. Hall. Probably would use different names.

Michigan Bankers Association,
Office of the Secretary,

Detroit, March 14, 1911.

BULLETIN NO. 70.

WARNING!

FRAUDULENT PASS BOOKS.

Members are warned against parties who have been operating in the Eastern part of the state, securing credit and funds by raising the figures in savings deposits Books. We urge that any savings deposit book presented for deposit or collection be carefully scrutinized and the figures verified before credit is given.

Texas Bankers Association,
Office of the Secretary.

Austin Texas, March 27, 1911.

FIFTY DOLLARS REWARD!

This Association will pay, under its rules, \$50.00 reward for O. W. Deckard in any jail in Texas, within one year from this date.

The description of this party is as follows: Thirty-two years of age, weight 165 lbs., height 5 ft. 10 in., decided brunette, dark eyes, long straight hair which comes down low on forehead, broad square face, rather stoop shouldered, large feet; when last seen was wearing black suit and black hat, and represents himself to be connected with the Oklahoma Development Co., Severs Building, Muskogee, Okla.

TWENTY-FIVE DOLLARS REWARD!

This Association will pay, under its rules, \$25.00 reward for Louis L. Leigh, alias Louis Gray, alias Louis G. Lee, in any jail in Texas, within one year. He is a printer and is described as follows: Dark skin, about 50 years old, black hair, slightly gray, black small eyes, about 5 ft. 8 in. high, weight about 150 lbs., hole in right cheek, has passed forged checks signed McKinney Brothers Coal Co., Altus, Ark.

North Dakota Bankers Association,
Office of the Secretary.

Fargo, North Dakota, March 25, 1911.

BULLETIN NO. 114.

You are warned to be on the lookout for a new counterfeit five dollar bill on the Merchants and Metals National Bank, New York. Series 1902 and 1903; portrait of President Harrison; Treasury Number U124911; Bank Number 3927 and Charter Number 1250. W. T. Vernon, Register of the Treasury; Lee McClung Treasurer. The defects are, Treasury in Register of the Treasury is spelled "Treasury," on the back of the note the word Imports in the panel at the bottom is spelled "Diports." Red and blue ink lines are used to imitate the silk lines of the paper.

The following checks and certificates of deposit have been lost or stolen:

Certificate No. 26 for \$120., and 41 for \$110., issued by the First National Bank of Yates in favor of Cella A. Bauman.

Certified check \$15.55 on the State Bank of Oriska given John Weyneth to W. C. Gray and endorsed by Mr. Gray.

Certificate of Deposit No. 1836 \$290, issued by the First National Bank of New Rockford to William E. Dickinson.

Certificate of Deposit No. 3159 \$200, issued by the First State Bank of Litchville to Ida Rovatt.

Look out for a young man who signs his name as M. C. Dunrud. He has been drawing fraudulent drafts on the George W. Getts Music House of Grand Forks. He is described as about thirty years of age, about five feet and ten inches tall, smooth face and a smooth talker. Our description is not very complete. It is believed he is now operating in the western part of the State, or perhaps has gone over into Montana.

Montana Bankers Association,
Office of the Secretary.

Lewistown, Mont., March 18, 1911.

WARNING NO. 112.

Demand Certificate No. 48028, dated Oct. 31, 1910, payable to Jos. McCook for \$1,320.00 issued by

the First National Bank of Missoula, was stolen from him March 8. This party was on the North Coast Limited coming from Minneapolis and the certificate was stolen from his berth during the night, probably east of Forsyth.

Look out for "Time Checks" of a large manufacturing concern of Hamilton, Ohio, on a local bank. Man presenting checks is described of being about 5 ft. 7 in. tall, round, florid face, light hair, blue eyes, about 35 years old, and having a quick nervous manner of speech. When last seen wore a brown mixed suit of clothes, soft gray hat. Checks were payable to F. M. Hall. Probably would use different names.

Look out for one M. S. Denison, who has been drawing bogus drafts on M. V. W. Brown and bogus checks on First National Bank, Riverside, Cal.

Lost Certificates.—A letter containing time certificates of deposit issued by First State Bank of Binford, N. D., and payable to A. Garborg, has been lost in the mails: No. 5656, \$1,000; No. 5657, \$500; No. 5658, \$500; No. 5659, \$714.71. If presented notify Peoples Bank of Stanwood, Wash.

A man by the name of H. C. DeSteele succeeded recently in cashing a number of checks on merchants in Harrington, Wash.—one drawn on First National Bank of Harrington and several on Lincoln County State Bank of Davenport, having no account in either bank. Was engaged in promoting a special misspelled word advertising scheme in a local newspaper. Description: Height, 5 ft. 8½ in.; weight, 175 lbs.; age about 40; smooth shaven, large eyes and Roman nose; wore blue coat and corduroy trousers, constant cigarette smoker and frequents saloons.

One Andre Durand recently issued a number of bogus checks on the First National Bank of Chewelah, Wash., having no funds in said bank. Description: Height 5 ft. 6 in; weight 145 lbs.; red hair; mustache streaked with gray; nose partly crooked, as if broken; wore a soft brown hat, canvas raincoat lined with rubber. He is a Frenchman and lively talker, and talk broken English. Notify H. W. Wood, City Police Officer, Chewelah, Wash.

Wanted for Forgery.—H. C. Stroven, occupation sheep herder; age 20 years; complexion light; weight 180 lbs.; eyes almost white, peculiar featured face; long sharp nose; smooth shaven. Forged checks on W. G. Jenkins & Co., Bankers, MacKay, Idaho. If party is located wire them.

"Trust Company Forms" Now Ready for Delivery.

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions),

bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11x14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to Mr. F. S. Babcock, Secretary Trust Company Section, 11 Pine Street, New York, who will forward book prepaid at once.

MORTUARY RECORD OF MEMBERS REPORTED DURING MARCH.

Englar, Nathan—Director First National Bank, New Windsor, Md.
Fertig, John—President Second National Bank, Titusville, Pa.
Foster, Charles—Cashier Farmers & Merchants Bank, Benton Harbor, Mich.
Graham, Benjamin—President Bank of Montclair, Montclair, N. J.
Jennings, Jacob O.—President First National Bank, Ashland, Ohio.
Keery, Thomas—President First National Bank, Hancock, N. Y.
McColl, D. D.—President Bank of Marlboro, Bennettsville, S. C.
Moffatt, D. H.—President First National Bank, Denver, Colo.
Patterson, Col. W. J. B.—Ex-Editor "The Texas Banker," ex-Assistant Secretary Texas Bankers Association.
Peckham, H. A.—Director & Vice-President City State Bank, Lowell, Mich.
Robinson, William P.—Assistant Cashier First National Bank, Kenosha, Wis.
Thompson, Nathan—President Farmers National Bank, Prophetstown, Ill.
Verdler, John A. S.—Cashier Kent State Bank, Grand Rapids, Mich.

REGISTRATION AT OFFICES.

THE offices of the Association, being so centrally located in the financial district—corner of Nassau and Pine Streets—make a very convenient place for members and their friends to meet when in New York. One of the large offices has been fitted up as a library and reading room, in which are kept on file the financial papers of the country and other current literature. Every facility has been provided for correspondence, and the Association's stenographers are at the service of the members, who can have their mail and telegrams sent in care of the office. The Association telephone is also at their service when they wish to communicate with the banks or their friends. The members are cordially invited to avail themselves of these privileges, and it is very much hoped they will do so.

The following visitors registered during the month of March:

A. H. Aseltine, Commercial & Financial Chronicle, New York, N. Y.
 W. D. Morgan, President Bank of Georgetown, Georgetown, S. C.
 T. R. Preston, President Hamilton National Bank, Chattanooga, Tenn.
 Sewall T. Maddocks, Cashier First National Bank, Boothbay Harbor, Maine.
 W. V. Davis, Vice-President Savannah Trust Co., Savannah, Ga.
 H. C. Anderson, Secretary and Treasurer Savannah Trust Co., Savannah, Ga.
 John W. Staley, Assistant Cashier First National Bank, Detroit, Mich.
 H. H. Searles, Cashier Prudential Savings Bank, Brooklyn, N. Y.
 Harry Reynolds, Granville, N. Y.
 Raymond D. Hazen, Harris Forbes & Co., New York, N. Y.
 B. F. Harris, Vice-President First National Bank, Champaign, Ill.
 E. B. Wilson, Manager Advertising Dept., Bankers' Trust Co., New York, N. Y.
 A. E. Brainard, General Traffic Passenger Agent, New York Central Lines, New York, N. Y.
 Geo. W. Higgins, Passenger Dept., New York Central Lines, New York, N. Y.
 E. R. Rooney, Assistant Cashier First National Bank, Boston, Mass.
 V. M. Fowell, Teller Home Savings Bank, Brooklyn, N. Y.
 Frank A. Phillips, Cashier Lambertville National Bank, Lambertville, N. J.
 Joseph Chapman, Jr., Vice-President Northwestern National Bank, Minneapolis, Minn.
 Kenneth McLeod, Detroit, Mich.
 E. G. McWilliam, Irving Savings Institution, New York, N. Y.
 M. A. Dowdall, Journal of Commerce, New York, N. Y.
 Ralph W. Cutler, President Hartford Trust Co., Hartford, Conn.
 Geo. D. Porter, Cashier Homestead Bank, Brooklyn, N. Y.
 A. A. Jackson, Vice-President Girard Trust Co., Philadelphia, Pa.
 John B. Hartmann, Secretary Frankford Trust Co., Philadelphia, Pa.
 B. F. O'Neill, President State Bank of Commerce, Wallace, Idaho.
 Waldo Newcomer, President National Exchange Bank, Baltimore, Md.
 George P. Foster, Director Union Savings Bank, Washington, D. C.
 Edw. W. Kneen, Treasurer Shelton Bank & Trust Co., Shelton, Conn.
 Orla B. Taylor, Vice-President Home Savings Bank, Detroit, Mich.
 Jos. T. Talbert, Vice-President National City Bank, New York, N. Y.
 Eugene E. Prussing, Chicago, Ill.

Alfred B. Percy, Director Lynchburg National Bank, Lynchburg, Va.
 E. N. Newman, Lynchburg, Va.
 W. R. Barnet, Assistant General Passenger Agent, New York Central Lines, New York, N. Y.
 J. B. Jones, President Oklahoma Trust Co., Muskogee, Okla.
 W. I. Jones, Cashier Rushville Banking Co., Rushville, N. Y.
 B. V. Leigh, Cashier Clinton National Bank, Clinton, N. J.
 M. H. Grape, Assistant Treasurer the Continental Trust Co., Baltimore, Md.
 Lucius Teter, President Chicago Savings Bank & Trust Co., Chicago, Ill.
 John A. Clark, Bond Dept., Chicago Savings Bank & Trust Co., Chicago, Ill.
 W. H. Bennett, Vice-President & Cashier American Exchange National Bank, New York, N. Y.
 J. Fletcher Farrell, Vice-President Fort Dearborn National Bank, Chicago, Ill.
 Jno. Fletcher, Vice-President Drovers Deposit National Bank, Chicago, Ill.
 Jno. M. Miller, Jr., Vice-President First National Bank, Richmond, Va.
 Chas. W. Riecks, Vice-President Liberty National Bank, New York, N. Y.
 Wm. Livingstone, President Dime Savings Bank, Detroit, Mich.
 G. Edwin Bartow, Cashier Bank of Hicksville, Hicksville, N. Y.
 F. B. Smith, Hicksville, N. Y.
 J. P. Roach, Representative American Exchange National Bank, New York, N. Y.
 W. M. Haines, Assistant Cashier Citizens Central National Bank, New York, N. Y.
 Herbert H. Owens, Assistant Cashier Farmers & Merchants National Bank, Baltimore, Md.
 John H. Holliday, President Union Trust Co., Indianapolis, Ind.
 I. Snowden Haines, Cashier Mechanics National Bank, Burlington, N. J.
 Julius H. Haass, President The Home Savings Bank, Detroit, Mich.
 Henry F. Marks, Vice-President Traders National Bank, Rochester, N. Y.
 John L. Hamilton, Hamilton & Co., Hoopeston, Ill.
 Arthur A. Ekirch, Secretary North Side Savings Bank, New York, N. Y.
 Walter L. Bishop, Flushing, N. Y.
 Charles F. Shaw, Jr., Traveling Representative Fourth Street National Bank, Philadelphia, Pa.
 Harry H. Pace, Cashier Solvent Savings Bank & Trust Co., Memphis, Tenn.
 Fred. W. Hyde, Cashier National Chautauqua Bank, Jamestown, N. Y.

G. W. Todd & Company, of Rochester, New York, manufacturers of the Protectograph, have placed in the office of the American Bankers Association their latest machine, with the compliments of the company, to take the place of the old machine with which the company presented the American Bankers Association several years ago.

The question of the protection of amounts designated on checks and drafts is a most important one, for in this respect there has been a prolific field for the raising of amounts. The Protectograph is an excellent machine for the purposes desired.

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FRED. E. FARNSWORTH, PUBLISHER
General Secretary American Bankers Association

THOMAS B. PATON, EDITOR
General Counsel American Bankers Association

W. W. WAINE, ASSOCIATE EDITOR

THE CORPORATION TAX LAW CONSTITUTIONAL.

The Supreme Court of the United States on March 13, 1911, rendered its decision holding that Section 38 of the Act of Congress approved August 5, 1909, known as "The Corporation Tax" Law, is constitutional.

The decision is rendered in the case of *Flint v. Stone Tracy Company et al.* (and fourteen other cases). Mr. Justice Day delivered the opinion of the court, which is quite voluminous. None of the contentions which were made against the constitutional validity of the act was sustained.

The court holds that the tax is not a direct tax and is not imposed upon the franchise of the corporation, nor upon the property of the corporation, but is an excise upon the particular privilege of doing business in a corporate capacity.

A large number of objections to the constitutionality of the Act, are considered and disposed of, in the course of the opinion.

It was contended that the act is not constitutional so far as the tax is measured by the income of bonds non-taxable under Federal statutes and municipal and State bonds beyond the Federal power of taxation. And so of real and personal estates, because as to such estates the tax is direct and required to be apportioned according to population among the States. It was insisted that such must be the holding unless the court is prepared to reverse the income tax cases decided under the Act of 1894. *Pollock v. Farmers' Loan & Trust Co.* (157 U. S. 429; 158 U. S. 601).

The court after examining the applicable provisions of the Constitution of the United States in this connection and also reviewing the *Pollock* case and subsequent decisions, says:

"The act now under consideration does not impose direct taxation upon property solely because of its ownership, but the tax is within the class which Congress is authorized to lay and collect under Article 1, section 8, clause 1 of the Constitution, and

described generally as taxes, duties, imposts, and excises, upon which the limitation is that they shall be uniform throughout the United States.

"Within the category of indirect taxation, as we shall have further occasion to show, is embraced a tax upon business done in a corporate capacity, which is the subject matter of the tax imposed in the act under consideration. The *Pollock* case construed the tax there levied as direct, because it was imposed upon property simply because of its ownership. In the present case the tax is not payable unless there be a carrying on or doing of business in the designated capacity, and this is made the occasion for the tax, measured by the standard prescribed. The difference between the acts is not merely nominal, but rests upon substantial differences between the mere ownership of property and the actual doing of business in a certain way. . . . The tax under consideration, as we have construed the statute, may be described as an excise upon the particular privilege of doing business in a corporate capacity, i. e., with the advantages which arise from corporate or quasi-corporate organization; or, when applied to insurance companies, for doing the business of such companies. As was said in the *Thomas* case (192 U. S. supra), the requirement to pay such taxes involves the exercise of privileges, and the element of absolute and unavoidable demand is lacking. If business is not done in the manner described in the statute, no tax is payable.

"If we are correct in holding that this is an excise tax, there is nothing in the Constitution requiring such taxes to be apportioned according to population."

The next contention was that the attempted taxation is void because it levies a tax upon the exclusive right of a State to grant corporate franchises because it taxes franchises which are the creation of the State in its sovereign right and authority. This proposition was rested upon the implied limitation upon the powers of National and State governments to take action which encroaches upon or

cripples the exercise of the exclusive power of sovereignty in the other.

Exhaustive consideration is given by the court to this contention. In the course of its decision the court says:

"When the Constitution was framed the right to lay excise taxes was broadly conferred upon the Congress. At that time very few corporations existed. If the mere fact of State incorporation, extending now to nearly all branches of trade and industry, could withdraw the legitimate objects of Federal taxation from the exercise of the power conferred, the result would be to exclude the National Government from many objects upon which indirect taxes could be constitutionally imposed. Let it be supposed that a group of individuals, as partners, were carrying on a business upon which Congress concluded to lay an excise tax. If it be true that the forming of a State corporation would defeat this purpose, by taking the necessary steps required by the State law to create a corporation and carrying on the business under rights granted by a State statute, the Federal tax would become invalid and that source of national revenue be destroyed, except as to the business in the hands of individuals or partnerships. It cannot be supposed that it was intended that it should be within the power of individuals acting under State authority to thus impair and limit the exertion of authority which may be essential to national existence."

The conclusion reached on this branch of the case is that the mere fact that the business taxed is done in pursuance of authority granted by a State in the creation of private corporations does not exempt it from the exercise of Federal authority to levy excise taxes upon such privileges.

It was further insisted that the taxation is unequal and arbitrary in the fact that it taxes a business when carried on by a corporation and exempts a similar business when carried on by partnership or private individual. In denying this contention the court says:

"In levying excises taxes the most ample authority has been recognized from the beginning to select some and omit other possible subjects of taxation, to select one calling and omit another, to tax one class of property, and to forbear to tax another. . . . In the case at bar we have already discussed the limitations which the Constitution imposes upon the right to levy excise taxes, and it could not be said, even if the principles of the Fourteenth Amendment were applicable to the present case, that there is no substantial difference between the carrying on of business by the corporations taxed and the same business when conducted by a private firm or individual. The thing taxed is not the mere dealing in merchandise, in which the actual transactions may be the same, whether conducted by individuals or corporations, but the tax is laid upon the privileges which exist in conducting business with the advantages which inhere in the corporate capacity of those taxed, and which are not enjoyed by private firms or individuals. These advantages are obvious, and have led to the formation of such companies in nearly all branches of trade. The continuity of the business, without interruption by death or dissolution, the transfer of property interests by the dis-

position of shares of stock, the advantages of business controlled and managed by corporate directors, the general absence of individual liability, these and other things inhere in the advantages of business thus conducted, which do not exist when the same business is conducted by private individuals or partnerships. It is this distinctive privilege which is the subject of taxation, not the mere buying or selling or handling of goods which may be the same, whether done by corporations or individuals."

It was further contended that some of the corporations, notably insurance companies, have large investments in municipal bonds and other nontaxable securities, and in real estate and personal property not used in the business; that therefore the selection of the measure of the income from all sources is void, because it reaches property which is not the subject of taxation, upon the authority of the Pollock case.

Answering this, the court says that this argument confuses the measure of the tax upon the privilege with direct taxation of the estate or thing taxed. In the Pollock case the tax was held unconstitutional because it was in effect a direct tax on the property solely because of its ownership.

It was further contended that the adoption of the measure of income from all sources as the amount of the tax, violated former decisions of the Supreme Court.

But the court says: "There is nothing in these cases contrary to the former rulings of this court which hold that where a tax is lawfully imposed upon the exercise of privileges within the taxing power of the State or Nation, the measure of such tax may be the income from the property of the corporation, although a part of such income is derived from property in itself nontaxable. The distinction lies between the attempt to tax the property as such and to measure a legitimate tax upon the privileges involved in the use of such property. . . . It is therefore well settled by the decisions of this court that when the sovereign authority has exercised the right to tax a legitimate subject of taxation as an exercise of a franchise or privilege, it is no objection that the measure of taxation is found in the income produced in part from property which of itself considered is nontaxable. Applying that doctrine to this case, the measure of taxation being the income of the corporation from all sources, as that is but the measure of a privilege tax within the lawful authority of Congress to impose, it is no valid objection that this measure includes, in part at least, property which as such could not be directly taxed."

It was further contended that measurement of the tax by the net income of the corporation received by it from all sources is not only unequal, but so arbitrary and baseless as to fall outside of the authority of the taxing power.

The court says: "Conceding the power of Congress to tax the business activities of private corporations, including, as in this case, the privilege of carrying on business in a corporate capacity, the tax must be measured by some standard, and none can be chosen which will operate with absolute justice and equality upon all corporations. Some corporations do a large business upon a small amount of capital; others with a small business may have a

large capital. A tax upon the amount of business done might operate as unequally as a measure of excise as it is alleged the measure of income from all sources does. Nor can it be justly said that investments have no real relation to the business transacted by a corporation. The possession of large assets is a business advantage of great value; it may give credit which will result in more economical business methods; it may give a standing which shall facilitate purchases; it may enable the corporation to enlarge the field of its activities, and in many ways give it business standing and prestige.

"It is true that in the *Spreckels* case (192 U. S. supra), the excise tax, for the privilege of doing business, was based upon the business assets in use by the company, but this was because of the express terms of the statute which thus limited the measure of the excise. The statute now under consideration bears internal evidence that its draftsman had in mind language used in the opinion in the *Spreckels* case, and the measure of taxation, the income from all sources, was doubtless inserted to prevent the limitation of the measurement of the tax to the income from business assets alone. There is no rule which permits a court to say that the measure of a tax for the privilege of doing business, where income from property is the basis, must be limited to that derived from property which may be strictly said to be actively used in the business. Departures from that rule sustained in this court are not wanting. . . . We must not forget that the right to select the measure and objects of taxation devolves upon the Congress and not upon the courts, and such selections are valid unless constitutional limitations are overstepped."

Answering the contention that the power to lay an excise tax can be so exercised by Congress as to practically destroy the right of the states to create corporations and for that reason it ought not to be sustained, the court says:

"The argument, at last, comes to this: That because of possible results, a power lawfully exercised may work disastrously, therefore the courts must interfere to prevent its exercise, because of the consequences feared. No such authority has ever been invested in any court. The remedy for such wrongs, if such in fact exist, is in the ability of the people to choose their own representatives, and not in the exertion of unwarranted powers by courts of justice."

The opinion takes up objections by certain classes of corporations and holds that corporations whose business is principally the holding and managing of real estate, are not exempt, nor are so-called public service corporations carried on with a view to private profit though the public may derive a benefit.

The court, in its opinion, gives consideration to the question whether a number of specific corporations were "engaged in business" within the meaning of the statute, saying that "business" was a very comprehensive term and embraces everything about which a person can be employed.

The court takes up certain objections made in certain cases of life insurance and trust companies and banks as to income derived from United States, State, municipal or other nontaxable bonds, and says

that what has already been said disposes of such objections.

It also disposes of the objection that incomes under \$5,000 are exempted from the tax, referring to previous decisions in which taxes upon inheritances above \$10,000, and a graded inheritance tax, were sustained.

The court also holds the law not invalidated because certain organizations are excepted from its operation. Concerning this it says: "As we have had frequent occasion to say, the decisions of this court from an early date to the present time have emphasized the right of Congress to select the objects of excise taxation, and within this power to tax some and leave others untaxed must be included the right to make exemptions such as are found in this act."

Disposing of the contention that Congress exceeded its power "in permitting a deduction to be made of interest payments only in case of interest paid by banks and trust companies on deposits, and interest actually paid within the year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid-up capital stock of the corporation or company," the court says:

"This provision may have been inserted with a view to prevent corporations from issuing a large amount of bonds in excess of the paid-up capital stock, and thereby distributing profits so as to avoid the tax. In any event, we see no reason why this method of ascertaining the deductions allowed should invalidate the act. Such details are not wholly arbitrary, and were deemed essential to practical operation. Courts cannot substitute their judgment for that of the legislature. In such matters a wide range of discretion is allowed."

The court denies the contention that the present law is unconstitutional because of inequality of operation owing to different local conditions. Further, concerning the following objections it says:

"Nor is the special objection tenable, made in some of the cases, that the corporations act as trustees, guardians, etc., under the authority of the laws or courts of the State. Such trustees are not the agents of the State government in a sense which exempts them from taxation because executing the necessary governmental powers of the State. The trustees receive their compensation from the interests served, and not from the public revenues of the State."

The court further denies the contention that in a certain feature of the statute there is a violation of the fourth amendment of the Constitution protecting against unreasonable searches and seizures. On this question the court says:

"We can not say that this feature of the law does violence to the constitutional protection of the fourth amendment, and, this is equally true of the fifth amendment, protecting persons against compulsory self-incriminating testimony."

The court, in closing its opinion, says:

"We have noticed such objections as are made to the constitutionality of this law as it is deemed necessary to consider. Finding the statute to be within the constitutional power of the Congress, it follows that the judgments in the several cases must be affirmed."

PROGRESS.

A most important conference, and one which will be far reaching in its results, was that held in Washington March 28th and 29th, when the Currency Commission of the American Bankers Association, on invitation, met the National Monetary Commission of the United States, a more detailed account of which appears in another portion of the Journal-Bulletin. Senator Aldrich presided, and J. B. Forgan, vice-chairman, acted as chairman of the Currency Commission.

The Currency Commission of the American Bankers Association was appointed in the fall of 1906 for the purpose of devising a measure for meeting the constantly recurring shortage of currency during the crop-moving season. At that time bankers and business men gave little encouragement to advance measures. For over four years our Currency Commission has been laboring with this problem; has

prepared bills, and has been active in endeavoring to secure wise legislation. It is very apparent that the country has been educated on this subject; that advanced thought is recognized and that ultimately wise legislation will be secured.

Now that the Aldrich plan has received the endorsement of the Currency Commission of the American Bankers Association, as well as practically all of Senator Aldrich's Commission, and has been received with general approval by the bankers of the country who have given thought and study to the subject, without doubt a bill can be prepared which, when once understood, will receive general approval throughout the Nation and will be favorably received by Congress. As this bill cannot be introduced into the special session, the time between now and next winter will be devoted by the National Monetary Commission to hearings and to the preparation of a bill on which all classes interested will be given an opportunity to present their views.

MAY MEETING OF THE EXECUTIVE COUNCIL.

The Administrative Committee of the Association, consisting of President Watts, Vice-President Livingstone and Chairman Huttig, held meetings in Washington March 27th and 28th, being in attendance at the sessions of the Currency Commission of the Association.

To the Administrative Committee was referred the matter of arranging the details for the council meeting, and Nashville and the fine new Hotel Hermitage were visited recently by General Secretary Farnsworth with a view of arranging for the various meetings. In addition to the regular sessions of the council, there will be sessions of the various committees of the Association and the Sections on Monday, May 1st. The Council meeting being held in the home city of President Watts, it is the determination of the bankers and the Board of Trade of that city to entertain those present, such entertainment to be arranged so as not to interfere with the business sessions which will be important and in keeping with the necessities of the occasion.

Many of those who will attend these meetings will arrive on Sunday, April 30th, there being a special train de luxe over the New York Central from New York City which will provide for the bankers from New York and vicinity as well as from New England. The Pennsylvania Railroad System has also placed at the disposal of the bankers, who wish to go from the East and South, its best train service, and the accommodations for which this road is noted, both in its equipment and in its schedule. From Chicago there will be a train de luxe over the Chicago and Eastern Illinois Railway. This train will care for the bankers from that vicinity and the Northwest.

Following is the program as outlined:

Sunday, April 30th—Automobiles for sightseeing through the beautiful country surrounding Nashville and its magnificent turnpikes.

Monday, May 1st—Committee meetings.

Monday evening, 7:30 o'clock—Banquet at Hotel Hermitage, with the compliments of the hotel. Address by James B. Forgan, of Chicago, on "Banking and Currency Legislation and the Aldrich Plan." Informal talks by others to be called upon.

Tuesday, May 2nd—Sessions of the Executive Council at Hotel Hermitage.

Tuesday evening—Reception and dance at the residence of President F. O. Watts.

Wednesday, May 3rd—Sessions of the Executive Council at Hotel Hermitage.

The Nashville Clearing House Association will have automobiles at the Hotel Hermitage at all times for sightseeing, and especially during the days of the Council meetings, to provide for the ladies; making trips to the Golf Club and the Hermitage, the home of Andrew Jackson.

Credit Blanks.

There was published in the May issue of the Journal a description of credit blanks and a questionnaire for use in the credit department of banks, which forms were prepared by Mr. James G. Cannon, of New York City, and reproduced in the Journal mentioned. The prices were also quoted at which they can be obtained in quantities of 250 up to 1,000.

Anyone desiring these forms can send their order to the General Secretary of the Association, who will forward same to the printer, and the blanks will be shipped direct to the purchaser, together with bill.

LEGAL DEPARTMENT

THOMAS B. PATON · GENERAL COUNSEL

YEGG LAW IN KANSAS.

The Legislature of Kansas at its recent session passed our Association measure for punishment of burglary with explosives fixing the term of imprisonment from 10 to 30 years. Since the first of last September there have been no less than fifteen attacks on banks in Kansas by yegg burglars, in ten of which the burglars were successful in robbing the bank, while the remainder were attempted burglaries. It is a striking fact that of all these crimes, only one was perpetrated upon a member of this Association, the attacks in fourteen cases being upon non-members. This record of crime indicates the necessity for the law which has now been passed. There are other States which have not yet enacted this law where yegg burglaries have also been perpetrated in considerable number and the record of such crimes should be a most potent argument with the legislatures of such States to do what they can to protect bank property by passing the yegg law. Crimes of yeggmen, while decreasing so far as members of this Association are concerned, seem to be increasing in other directions and there should be the most stringent laws against this class of criminals.

MISSOURI LEGISLATION.

Notwithstanding the destruction by fire of the State Capitol, the Missouri Legislature has passed two of the bills recommended by this Association, namely:

1. The act to punish the making or use of false statements to obtain credit.
2. The act to punish derogatory statements affecting banking institutions.

Certain other bills were passed by the Missouri Legislature affecting the financial institutions of the State. One of these is a measure increasing the rates for examination of Missouri State banks and trust companies—a law designed to put the State bank department upon a self-supporting basis. Another law provides for the incorporation of mortgage loan companies with power to loan money on real estate in Missouri only and to issue debentures thereon equal to 90 per cent. of the first mortgage loan, with restrictions and limitations; providing also that these companies shall be subject to the examination and control of the bank commissioner, the same as are banks and trust companies.

DEPOSITS IN TWO NAMES IN MASSACHUSETTS.

The Legislature of Massachusetts has passed the bill recommended by our Association relative to the payment of deposits in the names of two persons.

Following is a copy of the act as passed:

AN ACT RELATIVE TO PAYMENT OF DEPOSITS IN TWO NAMES.

Be it enacted, etc.

Section 1. When a deposit has been made, or shall hereafter be made, in any bank, savings bank or institution for savings, in the names of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or interest or dividend thereon, if not then attached at law or in equity in a suit against either of said persons, may be paid to either of said persons, whether the other be living or not; and such payment shall discharge the bank, savings bank or institution for savings making such payment from its obligation, if any, to such other person or his legal representatives for or on account of such deposit. For the purposes of this act the term "bank" shall include any person or association of persons carrying on the business of banking, whether incorporated or not.

The law as passed contains certain changes from the draft of bill as proposed by our Association, the words, "if not then attached at law or in equity in a suit against either of said persons," being inserted to make sure that, in event of attachment against either depositor, payment would not be authorized. The concluding portion of the proposed bill has also been changed in the law as passed. In the bill proposed by our Association the words following "living or not" continue: "and the receipt of acquittance of the person so paid shall be a valid and sufficient release and discharge to the bank for any payment so made."

The bill fixing a one-year limit of liability for payments upon forged or raised checks, recommended by our Association, passed the Massachusetts House but did not pass the Senate.

BANK MEASURES IN WASHINGTON.

Through the efforts of the Legislative Committee of the Washington Bankers' Association all bills providing for guarantee of bank deposits that were introduced in the recent session of the legislature were disposed of without action. The committee were able to prevent these bills even being taken up for consideration and it is felt that this means the end of guarantee of deposit bills in the State.

Unfortunately the important measures introduced by the Bankers' Legislative Committee failed to secure passage in the House. The Uniform Warehouse Receipts Act passed the Senate by unanimous vote, as also did the Revised General Banking Act, but owing to the great rush of legislation at the close of the session these measures failed to pass the House. Secretary Kauffman advises that at the next session of the legislature there is every reason to expect that the Warehouse Receipts Act will be passed as the measure has been so thoroughly exploited that there will be little difficulty in securing its enactment.

OPINIONS.

Summary of Questions Received and Opinions Rendered to Members of the Association.

TAXATION OF NATIONAL BANK SHARES IN OKLAHOMA.

Question whether there is a discrimination against national banks by assessing shares at full value of one hundred per cent. in certain parts of the State while in other parts of the State shares of State and national banks are assessed at only sixty-five per cent. of actual value.

From Oklahoma.—The matter of taxation of banks in Oklahoma is under a lively discussion, especially at this time and owing greatly to the fact that in the past some of the banks have been assessed at 100 cents on the dollar, taking in capital, surplus and profits at full value without any deductions. This has been done in face of the fact that the property of individuals has been assessed at from 25 per cent. to 60 per cent. of its cash value. In some parts of the State, however, the assessors have shown justice towards the bankers by taking rendition at about 65 per cent., thus allowing them to conform to the rule which seems to have been adopted in the case of individuals. I have contended that under the rulings of the Supreme Court of the United States, no national bank of the State of Oklahoma should be assessed at a greater rate for taxation purposes than any other bank in this State, regardless of whether State or National, or at what county located, having in support of my contentions the rulings of various courts most of which I have found in a book issued by the Comptroller of the Currency, Volume 3, 1904, "Digest of National Bank Decisions."

If I am correct, many of the bankers of Oklahoma, where the assessment is still insisted on at 100 cents on the dollar, think they should have relief from the unjust discrimination by citing the fact that in some parts of the State banks are taxed at a lower rate than in other parts. I will appreciate very much your prompt opinion of this matter and if I am correct would ask that you make mention of this in your next issue of the Journal of the American Bankers Association.

It is of much importance to the bankers, especially of Oklahoma, that they receive justice on the lines mentioned as our taxes are rather heavy, competition keen, and there seems to be little chance of a more equitable assessment unless it is obtained by strenuous efforts.

You ask my opinion whether, upon proof of facts that in some parts of the State of Oklahoma, national bank shares are assessed at full valuation of 100 per cent., while in other parts of the State, shares of State and national banks are assessed at only 65 per cent. of their actual value, a case of discrimination would be made out which would entitle the national banks assessed at full value to relief.

Section 5219 of the United States Revised Statutes forbids the taxation of shares of national banks under authority of the Legislature of any State "at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State," the term "moneyed capital" being, by subsequent judicial construction, limited to such capital only as comes in competition with the business of national banks.

The case of alleged discrimination which you present is not between national banks and other moneyed capital in the same city or county, but between national banks in certain counties whose shares are

valued at 100 per cent. and moneyed capital of State banks and others in certain other counties undervalued at 65 per cent.

In such a case, it would seem necessary to prove, among other things,

(1) That the undervalued capital in one part of the State is in competition with the fully valued national bank shares in another part;

(2) That such undervaluation constitutes a discrimination in the proportionate amount of taxes levied for State purposes, as distinguished from county and city purposes; and

(3) That such discrimination is systematic and intentional, and not merely desultory and accidental.

Most of the cases involving violation of Section 5219 which have come before the courts, have presented facts of local discrimination and I can find no precedent where a case of violation has been based on inequality of valuation between different and remote counties in the same State. At the same time the very language of the statute "other moneyed capital in the hands of individual citizens of such State" would seem to make the standard of comparison state-wide. Some light on this point is afforded by the language of the Supreme Court in *Whitbeck v. Mercantile National Bank*, 127 U. S. 193. In that case the auditor of Cuyahoga County, Ohio, fixed the taxable value of shares of a national bank in Cleveland at 60 per cent. of their true value in money, in accordance with the rules and practice adopted for the valuation of other moneyed capital of individuals and certified this value to the State Board of equalization for incorporated banks. That Board increased the valuation to 65 per cent. and this value, being certified back to the auditor, was placed by him on the tax list without a corresponding change being made in the valuation of other moneyed capital of individuals in the same city and county. It was held that this difference of 5 per cent. was a discrimination forbidden by Section 5219. It was urged in the case "that the standard of comparison required by the act of Congress is the assessment of all the banks in the State with that upon moneyed capital all over the State" and that there was no evidence presented in the suit that there was any discrimination against the bank if the standard of comparison thus suggested should govern. The Supreme Court thereupon said: "While it might, perhaps, be plausibly said that, in regard to taxation for State purposes, the rule of comparison should include the whole State, it is equally clear that for the much larger proportion of taxes levied for county and city purposes, the assessment upon the moneyed capital of the citizens in such county and city should furnish the standard by which the inequality of taxation should be determined."

It is therefore reasonable to conclude that in a case such as now presented from Oklahoma, where there is no inequality between national banks and other moneyed capital in the same locality, but only between different parts of the State, the only taxes

which would be taken into consideration would be those levied for State, as distinguished from local, purposes; and furthermore, as the Supreme Court has repeatedly held that not all moneyed capital, but only such as comes into competition with national banks is to be taken as the basis of comparison, it would also have to be shown that the undervalued moneyed capital, remotely situated, was in competition with the fully valued national bank shares seeking relief. This might readily be done where the banks affected were in adjoining counties, but whether banks in counties at considerable distances apart would be held to be in competition is probably more questionable.

Assuming that a case could be made out that State banks and other institutions in one part of the State were in competition with national banks in another part and that the former institutions were undervalued, for purposes of State taxation, at 65 per cent. of their true value while the national bank shares were assessed at the full 100 per cent. valuation, it would further seem necessary to prove that such discrimination by reason of inequality of valuation was systematic and intentional, and not merely accidental or desultory.

It was held in *People v. Weaver*, 100 U. S. 539, where a State statute provided a mode of assessment whereby national bank shares were valued higher in proportion to their real value than other moneyed capital, that Section 5219 was violated; and in *Pelton v. National Bank*, 101 U. S. 143 (See also *Cummings v. National Bank*, 100 U. S. 153) that although the State statute itself provides for valuation of all moneyed capital, including shares of national banks, at true cash value, yet where there is a systematic and intentional valuation of all other moneyed capital by the taxing officers far below its true value, while national bank shares are assessed at their full value, there is a violation of the act of Congress. But in *National Bank v. Kimball*, 103 U. S. 732, relief was refused where it did not appear that there was any statutory discrimination against national bank shares or that, under any rule established by the assessing officers, such shares were rated higher in proportion to their actual value than other moneyed capital and the bill merely averred that the same percentage was assessed on national bank shares as on other property; that the shares were rated at half value; that some other property was rated at less than half value; and that assessments on other moneyed capital were unequal and partial. In this case the court said:

"It is held in these cases (*People v. Weaver*; *Pelton v. National Bank*; *Cummings v. National Bank*) that when the inequality of valuation is the result of a statute of the State designed to discriminate injuriously against any class of persons or any species of property, a court of equity will give appropriate relief; and also where though the law itself is unobjectionable, the officers who are appointed to make assessments combine together and establish a rule or principle of valuation, the necessary result of which is to tax one species of property higher than others and higher than the average rate, the court will also give relief. But the bill be-

fore us alleges no such agreement or common action of assessors and no general rule or discriminating rate adopted by a single assessor, but relies on the numerous instances of partial and unequal valuations which establish no rule on the subject. * * * The case made by the complainant is this: that the shares of the bank are taxed at the same per cent. on their assessed value as all other property; that the valuation of these shares on which this rate is apportioned, is only about half their actual value; that some other property is valued at less than half of its cash value and for this reason no tax should be paid on the shares of stock of the complainant. * * * We think that the Circuit Court did not err in dismissing such a bill."

Also in the recent case of *First National Bank v. Albright*, 208 U. S. 548, Mr. Justice Holmes has said that "accidental inequality is one thing; intentional and systematic discrimination another."

Assuming that the Oklahoma statute itself provides no inequality of valuation and that the inequality between the 65 per cent. and 100 per cent. valuations in different parts of the State, results from the acts of the different assessing officers, the question on this branch of the case would be whether there was such systematic and intentional undervaluation on the part of a number of assessing officers as to evidence a common understanding or rule upon the subject; or whether, in the absence of a common agreement, the uniformity of the undervaluations in different parts of the State would constitute a systematic discrimination which would entitle the fully valued national banks to relief.

Without expressing a positive opinion upon the question submitted in your letter in the absence of a more detailed view of the exact situation I have, in the above, attempted to bring to your attention certain pertinent decisions which have a bearing upon the question raised and to state what, in my judgment, it would be necessary to prove in order to be successful in a proceeding for relief under Section 5219. It has furthermore been held (*First National Bank v. Albright*, 206 U. S. 548) that no bill for an injunction will lie until an assessment has actually been made; the court will not enjoin the assessor in advance from making an assessment which, when made, will constitute a violation of Section 5219. And, again, to obtain relief from an excessive assessment, the owner must first pay or tender so much thereof as is justly due (*National Bank v. Kimball*, supra).

DRAFT PAYABLE "THROUGH" OR "IN CARE OF."

Presentment to bank in whose care, or through which, it is made payable, is sufficient and authorizes protest in the event of non-payment without necessity of further presentment to the drawee.

From Oklahoma.—We often receive from our correspondents, drafts sent as protest items in cash letters, drawn on an individual or firm payable through, or in care of, another bank in this city.

Kindly advise if, in the event the bank in care of which it is drawn refuses payment, it is necessary for notary to get service on party on whom drawn before protesting or if refusal of said bank to pay is sufficient service?

In cases such as you mention, presentment of the draft to the bank in whose care, or through which, it is made payable is sufficient and in the event of non-payment the draft may be protested without the necessity of further presentment to the drawee. Decisions supporting this statement were published in the Journal for December, 1910 (see page 339).

CERTIFICATE OF DEPOSIT.

Provision in certificate for "interest at rate of 4 per cent. per annum if left 12 months" does not prevent earlier presentment where payable "on return properly indorsed."

From Missouri.—A few months ago we issued a time certificate of deposit to A. B. for \$1,000, which reads as follows:

A. B. has deposited in this bank One Thousand Dollars, payable to the order of self, on the return of this certificate properly indorsed, interest at the rate of four per cent. per annum if left 12 months, no interest after maturity unless renewed. Certificate of deposit, not subject to check.

Three months after this certificate was issued, A. B. indorsed it to C. B. and C. B. demanded payment which was refused at first, but later we paid same. Could they have forced payment on this time certificate at that time?

I think the demand of payment of the certificate on March 4th, when presented properly indorsed, was proper at that time and if it had not been paid the holder would have had an immediate right of action against the bank thereon and not been compelled to wait until twelve months from its date. As I read the certificate it is by its terms payable on demand when returned properly indorsed. The provision for "interest at the rate of 4 per cent. per annum if left twelve months, no interest after maturity unless renewed" does not mean that the certificate does not mature until the expiration of twelve months and that payment cannot be demanded before that time, but simply that the holder, to earn the interest must not present it until the expiration of twelve months. If, however, he chooses to waive the interest, he can present it at any earlier period, demand payment and enforce same if refused.

TREASURER'S CHECK TO PERSONAL ORDER.

Under existing condition of the law, there is some doubt whether the drawee bank is safe in paying a treasurer's check to his personal order without inquiry, unless resolution of corporation authorizing bank to pay checks expressly includes checks of this character.

From Illinois.—Kindly give me your opinion regarding the liability of banks which honor checks or drafts drawn by officials of a corporation and made payable to the one signing such check or draft. It seems to be the general opinion that the bank will be held liable in case of the misappropriation of the funds so received. The decision does not appear to me to be just and I am informed that my opinion coincides with yours.

Before coming to the precise question you ask, I would say:

The courts in a number of States have held that where a corporation treasurer, or an official in like capacity, wrongfully pays his private debt with his

official check to his personal order, the creditor takes with notice from the form of the check and must refund to the corporation.

When the Appellate Division, First Department, of the New York Supreme Court, in December 1909, in *Havana Central Railroad Co. v. Knickerbocker Trust Co.* (119 N. Y. Supp. 1035) extended this doctrine so as to charge with notice the bank in which the treasurer kept a personal account and which received on deposit the treasurer's check to his personal order, many bankers became alarmed at the extent to which this doctrine was carried, as it would require the banks to make inquiry concerning every one of the hundreds of checks daily received on deposit to the credit of the personal accounts of corporation officials, drawn by such officials to their own order. As you know, I had the honor to prepare a brief in behalf of the Association as intervenor on the appeal in this case and the Court of Appeals in May, 1910 (198 N. Y. 422) reversed the judgment of the Appellate Division. The opinion of the Court of Appeals, however, was not all that could have been wished, as the court still adhered to the idea that the form of such a check carried notice and imposed a duty of inquiry, which duty, however, it was held was fully performed when the check was presented to the bank on which drawn for payment. The drawee bank, being the agent of the corporation to pay its checks, was held to be the one in a position to answer such inquiry and where it paid the check, the bank in which it had been deposited was not obligated by law to make any further inquiry but was authorized to deal with the proceeds as the individual property of the payee.

I have stated the above as leading up to the question you now present, which goes further and asks whether the bank in which the corporation keeps its account (the check-signing power being lodged with its treasurer) would be under any liability in paying an official check of the treasurer, drawn to his own order, which proved to be a misappropriation or whether the bank would be safe in paying in the absence of notice of anything suspicious apart from the mere form of the check itself?

In view of the uncertain condition of the law at the present time, I am not prepared to say it would be entirely safe for a drawee bank to honor a treasurer's check to his own order without special authorization covering this particular form of check. True it was said by Scott, J. in his opinion (concurrent in by McLaughlin, J.) dissenting from the majority opinion of the Appellate Division in the *Havana* case, that

"The rule of liability sought to be fastened upon defendant, who bore no contractual obligation to the plaintiff, is much more stringent than could be applied to plaintiff's depository bank."

In other words that the drawee bank could safely pay such a check without being charged with notice. But the New York Court of Appeals, which reversed the majority of the Appellate Division, clearly took the view that a treasurer's check to his personal order was sufficiently suspicious on its face to call for inquiry by the holder from the bank upon which drawn and it placed the entire burden of determining whether or not the check was authorized upon the

latter bank. It said that the drawee bank, as agent of the depositor, would bind the corporation if it paid a check in this form drawn without authority but "may be liable to the depositor" and whether or not such a check is authorized depends upon the "contract between the depositor and depositary" and whether "drawn within the scope of the treasurer's agency as established by that contract."

Following out such a decision to its logical sequence, where the contract between bank and depositor merely authorized payment of checks signed by the treasurer, it might be held that as an official check to personal order was suspicious on its face, it could not be presumed to be within the contract and called for inquiry before payment and entailed responsibility in case it was drawn for unauthorized purposes.

The doctrine that an official's check to his own order carries notice on its face to a private creditor has been applied in many cases. It was early held (*Claffin v. Bank*, 25 N. Y. 293) that a check, certified by a bank officer to his own order carried notice of fraud on its face, and the person receiving such check must repay. In *Gale v. Chase Nat. Bank*, 43 C. C. A. 496, where a cashier wrongfully overcertified his personal check and used it in payment of his indebtedness, the court said: "It is a well-settled rule that the general power or authority given to an agent to act for his principal does not embrace a case where it appears from the transaction that the agent is a party on the other side. Under such circumstances, authority to act will not be upheld unless it appears that the agent was clothed with such power, and the language conferring it must be so plainly expressed that no other rational interpretation can be placed upon it." In *State v. Miller*, 35 Pac. (Ore.) 81, 82, the court said of a case of certification by an officer of his own check that as "the transaction is extraordinary * * * before the bank can be rendered liable thereon, the person receiving such check or draft is bound to make inquiry from the officers of the bank in respect to the validity of the paper." But to the contrary in *Goshen Nat. Bank v. State*, 141 N. Y., 379, the court said that "the fact that the draft was drawn by the cashier directly in favor of his own creditor and sent to the creditor by him, would not naturally give rise even to the suspicion that there was anything irregular, fraudulent or wrong in the conduct of the cashier. The presumption would be that he had performed his duty and paid for the draft, and that it therefore was his property." The court in this case referred to the enormous use of such drafts in place of money as justifying this presumption.

But while, with some exceptions, the doctrine has long prevailed that an official check to personal order carries notice to a private creditor, I am not aware that it has ever heretofore been held that a drawee bank, authorized to pay checks of a corporation drawn by its treasurer, is charged with notice when a check is presented, drawn payable to the treasurer's personal order, either personally or by an indorsee. But the recent decision of the Court of Appeals would seemingly raise some doubt upon the point and I think it would be safer that the resolution authorizing a particular official to sign checks

filed by the corporation with the bank should specifically provide that the authority extended to checks to his own order or to bearer, as well as to the order of third persons.

CHECK WITHOUT FUNDS.

Checks cashed for resident of another State, returned protested and bank's recourse—Possible criminal liability of person cashing checks.

From Michigan.—A few months ago we cashed two checks drawn by one R on the Bank of S, Washington. These checks were returned protested and unpaid and the Bank of S notified us that R's account had been closed. Upon receipt of the protested checks we wrote R at C, Wash., where he represented himself to be engaged in the mercantile business. R replied, stating that he was surprised as he was not overdrawn and never had been at the Bank of S and saying that he would send a draft two days later to take care of the matter. This promise was made a month ago and we have never received the draft. Mr. R has relatives in this town and it was while visiting these that the checks were passed. What can we do in the matter?

The case seems to be one where a man has drawn checks on his bank without having sufficient funds to meet them and has obtained the cash from your bank on such checks. Your only recourse, it seems to me, is to bring an action against him in the State of Washington for recovery of the amount of the protested checks, if he is worth suing or, if you can locate him in the State of Michigan, endeavor to have him punished criminally for obtaining your money by false pretense under Section 11575, Compiled Laws of Michigan, which provides that "every person who with intent to cheat or defraud another shall designedly by color or aid of any false token or writing or by any other false pretense * * * obtain from any person any money, personal property or valuable thing * * *" shall be guilty, etc.

FOREIGN BILL OF EXCHANGE.

Check drawn and payable in same State does not become a foreign bill because indorsed in another State and protest is not required but optional.

From Utah.—A draws his personal check on a Salt Lake bank and sends it to a Chicago merchant in payment of goods. The check is sent through the usual course back to Salt Lake for payment.

Is this instrument considered a foreign or inland bill, and would protest be obligatory on non-payment, or optional?

The Negotiable Instruments Law describes an inland bill as one drawn and payable within the same State. The above described check answers this description. Yet it seems to be in reality a foreign bill.

The instrument is not an inland bill and protest is not obligatory, but optional. You will find in the *Journal* for December, 1909, page 231, an opinion that a check drawn and payable in the same State does not become a foreign bill of exchange so as to require protest because indorsed in another State. A full statement of the former conflict of authority is there given which has since been swept away by the provisions of the Negotiable Instruments Law.

AUTHORITY OF CASHIER.

A bank cashier has no authority by virtue of his office, to promise an indorser on a note to the bank, that he will not be liable upon his indorsement.

From South Carolina.—Kindly give me your opinion, with citation of authorities, upon the question whether a bank is bound to an indorser or guarantor by the statement of its cashier made at the time of the indorsement and without any authority, to the effect that the guarantor should not be held upon his guaranty. Circumstances about as follows: Cashier acting without any authority from the Board of Directors, allows an overdraft of \$1,000, and subsequently arranges with the depositor to cover his overdraft by a note, with the indorsement or guaranty of Mr. A. The matter is allowed to stand through some negligence for some days. The paper is finally executed but Mr. A. who signs his name upon the back of the note guaranteeing the payment of the same, now claims that the cashier told him before signing in substance as follows: That he wished to have the overdraft covered for a few days on account of the fact that the Bank Examiner was on hand, but that Mr. A. would not be held liable to the bank upon his guaranty, and that the note should be charged back to the account of the depositor within a few days.

Our position, of course, is that the bank is not to be held by any such statement or declaration. We will be obliged to you for your opinion and authorities.

Your position that the bank is not bound by the statement of its cashier made to an indorser, at the time he indorsed or guaranteed the note, that he would not be held liable to the bank upon such indorsement and guaranty, is correct.

It has been held in a number of cases that a bank cashier has no authority, by virtue of his office, to make such a promise or assurance and that the bank is not bound thereby.

In *Bank of United States v. Dunn*, 6 Pet. 51, the defendant offered to prove that the cashier and president of the bank gave him to understand that if he indorsed the note in suit, he would incur no risk or responsibility. The court said: "The most decisive objection to the evidence is that the agreement was not made with those persons who have power to bind the bank in such cases. It is not the duty of cashier and president to make such contracts, nor have they the power to bind the bank except in the discharge of their ordinary duties."

In *Bank of Metropolis v. Jones*, 8 Pet. 16, the president of the plaintiff bank had assured the indorser that he would incur no responsibility on the note. The court said: "It is unnecessary to add in this case, as was stated by the court in *Bank v. Dunn*, that the officers of the bank had no authority, as agents of the bank, to bind it by the assurance which they gave."

In *Thompson, Receiver, v. McKee*, 5 Dak. 172, the court said: "It has been repeatedly held by the highest judicial tribunals that officers of banks have not the power to excuse or limit the legal obligations of persons to the banks they represent, by agreeing with them that they shall not be held liable or called upon to pay the obligations which they make, either as principal debtors or accommodation makers or indorsers, and on the credit of which the bank has parted with its funds."

In *State Bank v. Forsyth*, 108 Pacific 914 (Mont.),

defendant was induced by the cashier of a bank to sign a note and deliver it to the bank, in order that the cashier might substitute the note for the notes of the cashier held by the bank and some charges against him by the bank, and signed the note under the assurance of the cashier that he would not be liable upon it, and would never be asked to pay it. The cashier turned the note into the bank and withdrew his own notes, and received the excess of the note over his indebtedness to the bank in money. There was no evidence that the officers or directors of the bank authorized the cashier to make any such arrangement with plaintiff, and it was the first note of the kind which he had given the bank. It was held that the cashier had no authority by virtue of his office, to make such an arrangement, that defendant was chargeable with notice that the arrangement was not authorized, and that defendant acted upon the cashier's statement at his peril.

In *First Nat. Bank v. Lowther, etc., Co.*, 66 S. E. 713 (W. Va.), it was held that a cashier has no authority, simply by virtue of his office, to bind his bank by an agreement made with the indorsers on a promissory note, and unknown to the directors, to the effect that each of said indorsers shall be liable only for a certain proportion of the debt; and it matters not whether such contract relates to original notes presented for discount, or to notes taken either in payment, or in renewal, of pre-existing notes.

NOTE WITH OPTION TO PAY PRINCIPAL.

Where note gives maker option to pay principal at maturity of any interest coupon upon giving thirty days' notice, opinion that mere giving notice of intention does not mature note, where intention not carried out by payment of principal.

From Missouri.—Herewith I am handing you a blank First Mortgage Real Estate Note and would like to have your opinion on the following: If the mortgagor gives the mortgagee the necessary written notice that he will pay off the whole note at maturity of a certain interest coupon and then when the said coupon comes due he only pays it and says that he has concluded to keep the principal and will not pay it until due, which would be two years yet, does his failure to carry out his intention as expressed in the written notice render the note due and payable at the maturity of the interest coupon mentioned? We are members of the American Bankers Association and regard your opinions as authority.

The note in question contains this provision:

"The maker may pay one hundred dollars or any multiple thereof on principal at the maturity of any interest coupon due by giving thirty days' notice in writing to the legal holder of this note of his intention so to do."

This is an option given the maker of the note to pay off the whole, or a stated portion, of the principal at the time of maturity of any interest coupon, provided the maker gives thirty days' notice of his intention so to do. I am of opinion that the mere giving of the notice of intention to pay off the whole note does not have the effect to mature it where the intention is afterwards abandoned. The option is for the maker's benefit and he may or may not exercise it, as he chooses; the provision for notice is a pre-requisite to his rights to exercise the option but I fail to see that the giving of notice is in itself an actual exercise of the option.

The note itself contains no provision that this shall be the effect. It contains a provision giving the holder the option to mature the note upon default in payment of any interest coupon or non-performance of any of the covenants contained in the deed; but it does not provide that the mere giving of notice by the maker of his intention to pay will mature the note where such intention is not carried out by actual payment.

I think, therefore, the note in this case is not matured simply because the maker gave notice of his intention to pay it off which he failed to carry out.

DEPOSIT IN TWO NAMES.

May be paid to the survivor under New Jersey Statute—How certificate or passbook should read.

From New Jersey.—When money is left with us either on a certificate of deposit or on an active account in the name of one party payable to either himself or a second party generally his wife, can the wife withdraw the funds without administering or does his balance become a part of his estate?

Should the certificate or book read Payable to himself or his wife (or brother or sister) or survivor?

The State of New Jersey, in 1907, passed a law applicable to banks and trust companies (following a similar law passed in 1906 applicable to savings banks), as follows:

"When a deposit has been made, or shall hereafter be made in any bank or trust company transacting business in this State in the name of two persons, payable to either or the survivor, such deposit, or any part thereof, or any interest or dividend thereon, may be paid to either of said persons whether the other be living or not."

Under this law you are authorized to pay the deposit to the survivor without administration. The certificate or book should read payable to A or B or survivor.

TELEPHONE PROMISE TO PAY CHECK.

Not binding on drawee because not in writing.

From New Jersey.—A bank in a neighboring town calls us on the 'phone and asks us if Mr. A's check is good for \$300 and will we hold it for them, allowing them to send it to us in its usual course of clearing which might take two or three days. Can we guarantee the payment of that check providing the signature is correct and refuse to pay another check or checks which might be presented and reduce his balance below the amount asked for over the 'phone?

It has been held under the Negotiable Instruments Law that a promise over the telephone to pay a check is not binding as an acceptance, not being in writing. As a consequence, notwithstanding such a verbal promise to pay over the 'phone, the bank would be bound to pay another check, first presented, which would reduce the balance below the amount necessary to pay the first stated check.

"O.K." AS CHECK CERTIFICATION.

Letters "O.K." placed on check over signature of vice-president of drawee bank constitute a certification provided officer has power or authority to certify—Where check certified without funds bank liable to payee for value.

From California.—We wish to ask your opinion on the following matter:

A customer of ours deposited a check with us on a Riverside bank. This check was returned marked "N. S. F." Our customer then gave the check back to the maker and he had the Vice-President of the bank place O. K. (with his signature) on the face of the check, the understanding being that the maker would deposit money to make the check good on its return. Our customer then received the check again and it went through the regular course, and payment was refused by the bank for the same reason as before. Now we ask is the bank on which the check is drawn responsible for the check and does this O.K. amount to a certification of the check?

Your letter presents two questions which I will consider separately:

1. Was there a certification of the check in question?
2. If so, can the bank be held responsible upon such certification?

1. I am not aware that the letters "O.K." (popularly supposed to mean "Ori Korrekt"; Baxter v. Ellis, 111 N. C. 124) have ever received judicial interpretation when attached to a check by the drawee bank. Placed on a bill of lading these letters have been held to mean that the goods are all right or in good condition (Morganton Mfg. Co., v. Ohio R., etc., Ry. Co., 121 N. C. 514); attached to the signature of parties to an order for goods, they have been held ambiguous and explainable by parol evidence (Penn. Tobacco Co. v. Leman, 109 Ga. 428); when indorsed by counsel upon drafts of judicial decrees they have been construed to mean "all right" or "all correct" and held to be a consent to the entry of such decrees (Davis Paint Co. v. Metzger Oil Co., 90 Ill. App. 117; Indianapolis, etc., Ry. Co. v. Sands, 133 Ind. 433) and when used before the signature of counsel for the respective parties to an agreement waiving a jury trial, they have been held a sufficient compliance with a statute requiring waiver of a jury to be stipulated in writing (Citizens Bank v. Farwell, 56 Fed. 570, 571).

It is reasonable to suppose, therefore, that the placing on a check of the letters "O.K." accompanied by the signature of the certifying officer of the drawee, would be held to have the same meaning as if he had indorsed "all right," "all correct" or "good" and would be sufficient to constitute a certification of the check. The word "good" written on a check is a sufficient certification. (Barnet v. Smith, 10 Fost. 256; Muth v. St. Louis Trust Co., 88 Mo. App. 596.)

In California, it is not even necessary that there be any words at all other than the signature of the drawee to constitute a certification. The Civil Code provides (Sec. 3254) "a check is a bill of exchange drawn upon a bank or banker, or a person described as such upon the face thereof and payable on demand without interest," and (Sec. 3193) "an acceptance of a bill must be made in writing, by the drawee or by an acceptor for honor, and may be made by the acceptor writing his name across the face of the bill, with or without other words."

Under this statute, the writing of "O.K." coupled with the signature of the vice-president, would constitute an acceptance or certification of the check provided the vice-president was an officer who had power or authority to bind the bank by certification. It has been held in different cases that the president, the cashier and the paying-teller all have inherent

power to certify checks, while an assistant cashier or a subordinate officer has no such inherent power and that express authority, or authority implied from a customary course of successive acts of certifying, must be shown in order to make the act of the latter binding. I am not aware of any decision wherein the question whether the vice-president of a bank has inherent power to certify has been decided. If, however, in the present case, irrespective of the question of inherent power, it can be shown that the vice-president of this particular bank was in the habit of certifying checks, his act would be binding in any event.

The answer, therefore, to the first question is that the placing "O.K." with the signature of the vice-president on the check was a certification thereof, provided that officer had the necessary power or authority to bind the bank.

2. The second question which arises is whether the bank can be held responsible to the payee of the check, assuming a valid certification. It has been held that a bank certifying a check without funds is not liable except to a bona fide holder (*Bowen v. Needles Nat. Bank*, 94 Fed. 925; *U. S. Circuit Court of Appl. Cal.*); that a certified check is valid in the hands of a payee for value though the books show no funds to the credit of the drawer when certified (*Union Trust Co. v. Preston Nat. Bank*, 136 Mich. 460; *First Nat. Bank v. Union Trust Co.*, 153 Mich. 94).

The responsibility of the bank in this case, therefore, would depend upon whether the payee was a bona fide holder for value. Assuming the payee received the check for an existing indebtedness, even so this would constitute a valuable consideration under the California law (*Sackett v. Johnson*, 54 Cal. 107, 109); but a more serious question would be whether a check, once presented and dishonored, and carrying the evidence of dishonor, "N. S. F." on its face, could be afterwards certified and put out again as a negotiable instrument, so as to give the payee the rights of a bona fide holder for value against the bank which certified it.

There may be some question about this, but it would seem that when the maker of a dishonored check, again takes it to the bank and has it certified before delivering it a second time to the payee, this is substantially equivalent to the issuing of a new check, purged of dishonor, so as to make the payee a holder for value.

I think, therefore, the facts are such as to make a fair case for holding the certifying bank responsible upon the check to the payee.

CHECK "FOR FULL PAYMENT OF ACCOUNT."

Where payee erases those words, drawee should not pay.

From New Jersey.—A customer of this institution draws a check to a third party and on such check places the words "for full payment of account." Is the paying bank in any way liable if they pay such check if the above words are erased by the payee?

I think it would be unsafe for a bank to pay a check in which the drawer had inserted "for full payment of account" where the payee had erased those words. There might be circumstances under which

it would be material for the drawer to have his check back with the payee's indorsement as a receipt in full and his purpose would be defeated if the payee could erase those words and obtain the money without the acknowledgment that it was received by him in full of the account. I think the only safe course for the bank, as paying agent of the depositor, would be to refuse payment of such a check, for the striking out of those words by the payee would be virtually a material alteration which would nullify it and probably entitle the depositor to refuse to allow it to be charged to his account as a voucher on the ground that payment of the altered check was not payment of his order as given and therefore unauthorized. I am not aware that a case of this kind has ever been before the courts for determination, but I think it clearly the better practice not to pay a check so altered as the bank might suffer loss by so doing.

PAYMENT OF PROTEST FEES.

Bank without express instructions not authorized to pay protest fees on protested check of customer.

From Washington.—One of our depositors went East about 60 days ago, and before leaving town he drew out his entire balance. A few days later a check of his drawn on us for \$38.50 was presented through one of the other banks here from St. Joseph, Mo., payment of which was refused on account of no funds, and the bank protested the check, the fees amounting to \$3.20. Later, a deposit was made to the credit of our depositor more than enough to cover the check and fees, and soon after that the traveling man for the house holding the protested check was here and we told him to send in the check and it would be paid. This they did, and asked us to pay the protest fees also. This we refused to do believing that we had no authority so to do, and so advised them.

Will you kindly advise us what is our status in such a case, as to whether we should have paid the fees also? The protest notices were attached to the check. We advised this house that we would pay the face of the check, and have debited his account that amount.

I am of opinion that a bank, without express instruction from its customer, is without authority to pay and charge to his account the protest fees added to the face of a check previously dishonored and protested. The customer may be liable for the fees but that is a matter between him and the holder of the check.

FORGERY OF SIGNATURES OF CHECK-DRAWER AND PAYEE.

Question of right of recovery of money paid by drawee in a stated case.

From Nebraska.—One Smith forged the name of a customer to two checks on a Nebraska bank and also forged the name of the payee. The forger indorsed the checks with the payee's name and obtained the cash thereon from two banks in other towns in Nebraska, both of whom had previously cashed for the forger genuine checks drawn by this same customer payable to the forger under his real name. The forgery of the customer's signature was very cleverly done and different bankers being shown the forged check could not detect the forged one.

The checks were indorsed over by the banks which cashed them to two Iowa banks and were paid

by the drawee by crediting their amounts to the accounts of said banks. Upon return to the customer he pronounced the checks forgeries, whereupon they were promptly protested and charged to the account of the two Iowa banks who, however, have refused to credit them.

Under these circumstances who should stand the loss?

The case is one of two checks drawn on your bank on which both signature of drawer and of payee are forged. These checks were cashed for the forger by two banks in Nebraska and indorsed over to two banks in Iowa, which banks received payment from your bank. The question is whether your bank is bound by the payment to the Iowa banks and cannot recover from them or whether such banks are liable to your bank, in which event they would have recourse upon the two Nebraska banks which cashed the checks for the forger.

The latest decision in Nebraska on this troublesome subject was rendered by the Supreme Court, June 29, 1910, in the case of State Bank of Chicago v. First Nat. Bank of Omaha, reported in 127 Northwestern Reporter, at page 244. The official syllabus of the court in that case which shows what was decided, is as follows:

1. Where the payee of an unaccepted draft, to which the drawer's name has been forged and purporting to have been drawn by a bank in South Dakota upon a bank in Illinois, indorses the instrument generally and sells it for its face value to a Nebraska banker with whom the payee is acquainted, the drawee, after paying the bill, cannot recover back the money, unless it pleads and proves that the holder was negligent in purchasing the instrument, or in indorsing it, or withheld from the drawee at the time the bill was paid, some information or grounds for suspicion within his knowledge concerning the genuineness of the bill.

2. In such a case the cashing bank, if it acted in good faith in the transaction, is not required, in order to acquit itself of a charge of negligence in purchasing the bill, to prove that before such purchase it inquired of the drawer whether the instrument was genuine, or communicated with the drawee to learn whether the bill would be accepted.

3. Where such a draft, by reason of the payee's indorsement, is negotiable by delivery, an indorsement by the holder is not a warranty to the drawee that the drawer's signature is genuine.

Were your case similar to the one in which this decision was rendered, you could not recover of the Iowa banks unless you could prove that the cashing banks were negligent in purchasing the paper. But your case differs from the cited case in that in your case the payee's indorsement, as well as the drawer's signature was a forgery, while in the cited case, while the drawer's signature was forged, the indorsement was made by the person who was named as payee in the forged check. That this difference is important and works in your favor is indicated by certain language of the Nebraska court in commenting on the case of First Nat. Bank of Chicago v. Northwestern Nat. Bank, 152 Ill. 296, referring to which your Supreme Court says:

"The proof (in the Illinois case) established that the payees were employees of the telephone company but were not entitled to the checks, knew nothing about them, and their indorsements, as well as the signature of the drawer, had been forged. The court holds that while the drawee by

paying a draft is estopped from thereafter denying the drawer's signature, it does not warrant the signature of any indorser, but the indorser warrants the genuineness of all preceding indorsements; that the parties stood as though the bills were genuine but the indorsements of the payees forged, and the drawee for that reason could recover the money paid by it to the holder of the paper. The opinion is sound but has no application to the instant case, because there were no forged indorsements upon the bill in question."

From this it would appear that the Nebraska court would hold that where the indorsement on a check is forged as well as the drawer's signature, the bank collecting from the drawee warrants by its own indorsement, the genuineness of the payee's indorsement and would be liable to the drawee upon breach of this warranty, although if the case were one where the drawer's signature alone was forged there would be no liability.

While the Supreme Court of Nebraska apparently takes this view, the Supreme Court of Iowa (First Nat. Bank v. Marshalltown State Bank, 107 Ia. 327) has held to the contrary, that the drawee paying a check bearing a forged signature cannot recover from the last indorser as warrantor of a prior forged indorsement, since the forgery of the indorsement is not the cause of loss.

If there is this conflict between the decisions in Iowa and Nebraska on this point, it would seem to be important for your bank, if possible, to choose the jurisdiction whose law was the most favorable to your contention. That is to say, if you brought suit in the courts of Iowa against the Iowa banks, recovery would probably be denied, while if the case was brought in the Nebraska courts—that is to say, if you have charged the amount of these checks against a balance in your hands belonging to the Iowa banks and suit is brought by them against you for such amount—the law, according to the recent Nebraska case I have cited, would seem more in your favor.

PAYMENT OF CHECK ON FORGED SIGNATURE.

Conflicting law upon the right of drawee bank to recover money paid—Recent decision of Oklahoma Supreme Court upon the subject.

From Oklahoma.—Two months ago we paid a check of \$28.50 for one of our customers, who on having his pass book balanced declared the check a forgery, that he did not know the party to whom the check was given, and that it was not made in his handwriting. The check was cashed at a neighboring bank and when the matter was presented to them they stated that they did not know either of the previous indorsers, that they endeavored to ascertain who they were, but could find no trace of them. They state the check was cashed by one of their clerks who did not wish to hurt any one's feelings by asking them to be identified. The bank which cashed the check and others stamped the check with their indorsing stamp as "all previous indorsements guaranteed" and state that if I can produce evidence that the indorsements are not genuine that they will reimburse me.

As I understand the case, no one has been injured by the fact that we paid the check, as if we had refused payment at the time the check was presented, through one of the other banks here in the regular course of business, the check would have been protested and the bank which originally cashed

the check would have been compelled to stand the loss, as they could not find and did not know the party from whom they received the check.

Under these circumstances, what is your opinion? Are we the loser or can we compel the bank which cashed the check and other indorsers to stand the loss?

I am not aware that a question of this nature has been passed upon by the Supreme Court of Oklahoma, and in view of the conflicting decisions in other States upon this subject, it is impossible to foretell with certainty just what the Oklahoma law would be.

Some courts adhere to the rigid rule that a bank is bound to know its customer's signature and when it pays a check upon a forgery thereof it cannot recover the money back from the person receiving payment. Some courts modify this rule by allowing recovery where the holder of the check has been guilty of negligence in acquiring it, as from a stranger without identification; others do not permit this modification. Some courts make an exception by allowing recovery in cases where the holder has suffered his loss before collecting payment from the drawee, holding it inequitable in such cases for him to shift the loss to another; others do not recognize this as an exception. A few courts have held that the indorsement of the check is a warranty, or at all events has a tendency to mislead the drawee into supposing that the genuineness of the check has been investigated and that the drawee is thereby relieved; a majority of courts hold to the contrary that the indorsement is not a warranty nor representation of the genuineness of the drawer's signature. It has been held in Illinois that where the indorsement of the payee is also a forgery, the drawee may recover on the ground that while it cannot deny the genuineness of the drawer's signature, this estoppel does not extend to the indorsement; in Iowa, on the contrary, it has been held in such a case that the drawee cannot recover as the forgery of indorsement is not the primary cause of loss.

Just what view the Oklahoma courts would take of a case such as you present it is difficult to say. But it is not at all unlikely that where a forged check has been cashed for a stranger without identification and the genuineness of the payee's indorsement has been expressly guaranteed and where, furthermore, the bank cashing the check for the forger has suffered its loss before collecting payment of the drawee, your courts would hold under such circumstances the drawee entitled to recover.

Since forwarding the above I have received report of decision of the Supreme Court of Oklahoma, handed down January 10, 1911, in *American Express Company v. State National Bank*, which directly favors your right of recourse in the case stated. In this case the court says:

"As this is the first case wherein the question has arisen in this jurisdiction, we commit this court to the doctrine that a payee receiving money from a bank upon a check purporting to be drawn upon it by one of its depositors, but the signature of which was in fact forged, is not entitled to retain the same, except upon the following combination of facts: First, that the payee

was not negligent in receiving the check; second, that the payor was not lacking in due care in paying the same; and, third, that upon the payor's action the payee has changed his position or would be in a worse condition if the mistake was corrected than if the payor had refused to pay the check at the time of its presentment."

This case is reported in the *Pacific Reporter* of March 20th, 1911, on page 711.

CHECKS FOR LESS THAN ONE DOLLAR.

Checks in sums less than one dollar, issued in regular course of business payments, not prohibited by law—Section 178 of United States Criminal Code of 1909 (substance of such section having been first enacted in 1862) has been misconstrued.

From Hawaii.—A fruit company in Honolulu, one of the customers of this bank, have had occasion in their business to issue numerous checks of small size, payment on which has never been questioned or refused, but their selling agents in San Francisco advise them that there had been some law passed prohibiting the drawing of checks less than \$1.00.

Kindly advise us whether there is a national law to this effect, or whether any of the States have ever passed such a law.

There is no national law and no law of any State which prohibits the issuing of checks for ordinary business purposes in sums less than \$1.00 and it is perfectly lawful for you, in your business, to issue checks on your banker for less than \$1.00 amounts.

A mistaken impression to the contrary got abroad during the Spring and Summer of 1909, due to a misinterpretation by the public press of a section of the new criminal code, passed by Congress March 4th, 1909. That section is as follows:

Sec. 178. "No person shall make, issue, circulate, or pay out any note, check, memorandum, token or other obligation for a less sum than one dollar, intended to circulate as money or to be received or used in lieu of lawful money of the United States; and every person so offending shall be fined not more than five hundred dollars, or imprisonment not more than six months, or both."

Many newspaper writers assumed that the above was a new provision and misconstrued it as prohibiting the issue of checks for less than \$1.00 given in ordinary course of business. But as matter of fact this provision has been on the statute books ever since 1862, being Section 2 of the act of July 17th of that year: "An act to authorize payments in stamps and to prohibit circulation of notes for less than one dollar."

When the criminal laws of the nation were revised and codified in 1909, this provision became Section 178. Without going into its underlying history, the purpose of the law in question was to prohibit the issue or circulation of instruments in sums less than \$1.00, designed to be used as fractional currency and it was never intended to apply to checks on banks, given in ordinary course of business, primarily for the purpose of payment rather than circulation.

I explained this matter more fully in the *Journal of the American Bankers Association* for October, 1909 (see page 152).



PROTECTIVE DEPARTMENT



L.W. GAMMON

MANAGER

A person employing the name of Thos. F. Wade is drawing worthless checks on a Vincennes, Ind., bank. Wade gives his occupation as collector; he is said to be 35 years old, 5 feet 10 inches tall, weighs 145 to 150 lbs., slender build, light complexion, light hair, smooth shaven. He has recently operated in Indiana. A specimen of his handwriting is reproduced below:

T. F. Taylor
35⁰⁰ 32
Thirty Five

Frank J. Troy, formerly in the employ of a Los Angeles mercantile concern last month left Los Angeles, following the forgery by him of that firm's name to a check drawn on a local bank. Troy is 21 years old (though he looks younger), 5 feet 7 inches tall, weighs 130 lbs., slim build, light hair, blue eyes, smooth shaven, high forehead.

A warrant has been sworn out in Hoquiam, Wash., for the arrest of Henry Clay, who last month succeeded in obtaining the cash on a worthless check. Clay is described as 40 years of age, 6 feet tall, weighs 150 to 160 lbs., steel gray hair, smooth shaven, long thin face, large gray eyes. He claimed to be the owner of a cotton plantation said to be located in Texas.

Edward J. Mills is wanted in Pittsburg, Pa., for stealing the pass book belonging to a Pittsburg bank's depositor, and for forging an order against the depositor's account. Mills is 25 years of age, 5 feet 10 inches tall, weighs 160 lbs., slender build, dark complexion, dark hair, smooth shaven, has a two-inch scar near the chin. He was at one time a railroad fireman.

Page 470 (first column) of the February, 1911, Journal, contains an article concerning the operations of one Howard E. Farnsworth. This swindler is still active, having recently transferred his operations to Texas, where he has employed the names of Howard E. Smith and Edward E. Davis, respectively. As explained in the February Journal, this swindler operates in the following manner: He makes a contract to purchase land costing about \$2,000. He then secures an introduction at some local bank, where he deposits a bogus certified check for three or four hundred dollars. Later in the day he draws out about two-thirds of his deposit and immediately decamps. "Farnsworth's" description as given in the February Journal is 38 years of age, 5 feet 8 inches tall, weight 160 lbs., heavy build, square broad shoulders, dark hair, dark eyes, light complexion, smooth shaven, good dresser, fluent convincing talker.

E. Ilin has left for parts unknown following the forgery of his employer's signature to a check drawn on a Seattle, Wash., bank. Ilin is 19 to 20 years of age, 5 feet 8 inches tall, weighs 140 lbs., grey eyes, smooth haven, front teeth covered with gold crowns. He is of Russian birth and speaks with a noticeable foreign accent. A specimen of Ilin's handwriting appears below:

E. Ilin Cash
Hundred and
no bills

N. P. Olson is wanted in Seattle, Wash., on the charge of fraudulently obtaining the funds on a worthless draft. Olson is 5 feet 11 inches tall, weighs 210 lbs., fair complexion, blue eyes, smooth shaven, light brown hair.

The police of Culbertson, Mont., hold a warrant for the arrest of Vern H. Bostwick, formerly cashier of a local bank, who has absconded with all of the bank's funds. Bostwick is 24 years of age, six feet tall, weighs 160 lbs., black (slightly wavy) hair, ruddy cheeks, erect carriage, dark eyes, good dresser, wears two baby elk teeth in the lapel of coat.

A young man, who fraudulently claims to be connected with the S. S. Pierce Company, has made his appearance in New England, where he has been circulating worthless checks drawn on a Boston, Mass., bank, payable to John Necomb and signed James Hartsell. These checks bear the forged endorsement of the S. S. Pierce Co. The person who is circulating these checks is said to be 22 years old, 5 feet 7½ inches tall, weighs 135 lbs., light complexion. We reproduce below a specimen of his handwriting:

John Necomb
5425 132
James Hartsell

Merchants in Toledo, Columbus, Cleveland and Cincinnati have been defrauded through cashing checks for one George Costan, which purport to be signed by F. W. Costan. George Costan fraudulently represents himself as advance agent for a theatrical attraction styled Hanlon's Superba Company. This swindler is 26 years of age, 5 feet 7 inches tall, weighs 135 lbs., smooth shaven, slender build, light complexion, blue eyes, light hair.

Bogus checks drawn on a Kansas City, Mo., bank and on a Parkersburg, W. Va., bank are being circulated by one W. F. Nine, a former resident of Parkersburg, who is now travelling through the country passing these checks on merchants.

F. A. Warburton, whose occupation is that of bookkeeper, is wanted in Brooklyn, N. Y., in connection with the alteration by him of one of his employer's checks. Warburton fraudulently secured the cash on this check. He is described as an Englishman, 35 years of age, 5 feet 5 inches tall, weighs 170 lbs., dark hair, smooth shaven, high cheek bones; is an excellent penman. A reproduction of Warburton's handwriting appears below:

Cash on Order
87 84 / 1500
F. A. Warburton

A person representing himself as Rev. C. H. Livingstone is circulating worthless checks bearing the forged signature of the American Christian Missionary Society of Cincinnati, O. Livingstone has recently appeared in different cities throughout Illinois. He is 40 years of age, 5 feet 3 inches tall, weighs 130 lbs., blue eyes, wears glasses, has scar on left cheek extending from the ear. He is a person of unusual intelligence. Below is reproduced a specimen of Livingstone's handwriting:

C. H. Livingstone
28th / 100.00
Pres. Reader

A warrant has been issued for the arrest of a young man giving his name as Robert Powell, Jr., who has recently operated in Decatur, Ala., where he succeeded in cashing a worthless check. Powell claimed to be the son of a prominent attorney of that name in Jackson, Miss. Before obtaining the cash on the check Powell told a story of having run short of funds while en route to a distant city where, he claimed, his sister was lying in a hospital dangerously

injured as a result of a train wreck. This swindler is said to be 22 to 23 years of age, medium build. A specimen of his handwriting is reproduced below:

Robert Powell Jr
25⁰⁰ Five
Robt Powell

A person who is using the name of H. Bell, alias H. Webster, is drawing drafts without authority on the firm of Drs. Hess & Clark, Ashland, Ohio. This swindler has recently operated in a number of towns throughout Ohio.

One G. E. Hobbs is wanted in De Queen, Ark., in connection with the forging of a depositor's signature to a check drawn on a bank in that city. Hobbs is said to be 35 years of age, 5 feet 10 or 11 inches tall, weighs 185 lbs., sallow complexion, medium build, blue eyes, gold crown on tooth in upper left jaw.

A warrant has been sworn out in Gallon, Ohio, for the arrest of Edward Christman, charged with forgery. Christman is 35 years of age. He is said to have forged the signature to a promissory note, on which he fraudulently secured the funds.

On March 17, 1911, a bank (M) in Chicago, Ill., reported that it had been defrauded by one John J. Walsh, who had appropriated the savings bank book of one of its depositors and withdrawn all of the funds belonging to that depositor. The crime was committed last January, but was not discovered until March 17th. Walsh was traced to Brooklyn, N. Y., and our detective agents, the William J. Burns National Detective Agency, caused his arrest in that city on March 29, 1911. Walsh is now lodged in the Tombs prison, New York City, awaiting extradition to Chicago. He is described as 23 years of age 5 ft. 8 in. tall, weight 140 lbs., smooth shaven, wears glasses.

A bank member in Boston, Mass., reported on March 3, 1911, that it had suffered a loss through honoring for one F. L. Richardson a check to which the signature of one of its depositors had been forged. Our detective agents, the William J. Burns National Detective Agency, undertook an investigation of the case, and on March 5, 1911, succeeding in causing the arrest in Boston of Richardson who was immediately brought to trial and sentenced to serve two months in the county jail. Richardson is 50 years of age, 5 ft. 10 in. tall, weighs 195 lbs., dark brown hair tinged with grey and grey mustache.

Previous issues of the Journal have contained articles concerning one Chas. D. W. Sturup. This swindler has recently been released from the workhouse, and has renewed operations. He now evidently refrains, however, from operating against members of the Association. He has lately appeared in different parts of New York State. Sturup's mode of operation as republished from page 308 of the November, 1910, Journal (second column) is as follows: He

wears a full United States Navy uniform and claims to be a sailor aboard the U. S. S. Constellation. He tells a tale of having overstayed his shore leave and states that he lacks sufficient funds to get back to his vessel. He then presents a draft ranging from \$5 to \$20, drawn on some savings bank in a distant city, where he states he has an account. All such drafts are absolutely worthless. Sturup was at one time a sailor aboard the U. S. S. Independence, but was dishonorably discharged about a year ago. He is 23 years of age, 5 ft. 5 in. tall, weighs about 145 lbs., light complexion, smooth shaven, brown eyes, brown hair, burn scar between eyebrows.

In the January, 1911, Journal on page 407 (second column), there appears an article concerning Roy Cunningham who defrauded a Guthrie, Okla., bank (M) by means of checks to which a depositor's signature had been forged. Cunningham left for parts unknown just before the forgery was discovered. On March 18, 1911, however, he returned to his home at Merrick, Okla., when he was immediately placed under arrest. He now awaits trial at Guthrie.



LLOYD R. H. LIGHT.

Page 472 (first column) of the February, 1911, Journal contains an article concerning Lloyd R. H. Light. Within the past month this swindler has transferred his operations to the Pacific coast, having appeared most recently in Los Angeles, Cal., where he operated under the name of Lloyd Russell. Light whose picture is published herewith, is 33 years of age, 6 ft. 1 in. tall, red hair (worn pompadour), slim build, carries left shoulder stiffly.

John C. Hadley, who fraudulently represents himself as president of the General Engineering Company, is at present operating in the West. He last month appeared in Denver, Colo., where he claimed he was about to engage in the work of electrifying the Santa Fe Railroad between Denver and Kansas City. He has made a number of attempts to raise funds on worthless drafts drawn without authority on the General Engineering Company of Pittsburg. Hadley is about 50 years of age, 5 ft. 11 in. tall, medium build, has short stubby (slightly gray) mustache, wears a Royal Arch Mason charm, wears a Shriner's pin on coat lapel. He is said to be traveling with a

woman (whom he represents as his wife), who is described as medium build, with red hair. We reproduce below a specimen of Hadley's handwriting:

John C. Hadley
25,000⁰⁰ No 618 Pa
National Bank of

Geo. Leopold, a former resident of Dennison, Ia., is wanted for a forgery committed in that city. Leopold acted as reporter on a local newspaper prior to his disappearance from Dennison, just prior to the discovery of the forgery. He is described as 28 years of age, 5 ft. 8½ in. tall, weighs 180 lbs., stocky build, light complexion, blue eyes, broad shoulders, erect soldierly bearing. Leopold speaks seven or eight different languages. He claims to have studied medicine.



FLOURNEY PIERREPONT.

The above is a photograph of Flourney Pierrepont, who, under numerous aliases, has operated in the West, where a number of tradespeople have suffered losses through handling his bogus checks. Pierrepont was arrested in Los Angeles, Cal., last month while attempting to cash some of his worthless paper. He now awaits trial in that city. He is described as 22 years of age, 5 ft. 7 in. tall, weight 140 lbs.

A bogus check operator employing the name of C. A. Stewart is issuing worthless checks bearing that signature. These checks are drawn on a Chicago bank. Stewart has recently operated in Gary, Ind.

Three months ago a party giving the name of Jac. Gold, opened an account with a bank in New Haven, Conn., by depositing with a few hundred dollars in cash. He claimed to be a tobacco merchant. Gold kept the account quite active by making

frequent deposits and withdrawals, until on March 7th he deposited a check for a little over \$3,000, drawn on a New York bank and purporting to be signed by a depositor in the last-named bank. When the check reached the New York bank it was pronounced a forgery. A search was then made for Gold, but his suspicions were aroused by the delay in honoring the check and he made his get-a-way. No bank suffered a loss through handling this forged check. A specimen of Gold's handwriting appears below:

J. Gold
 3200 $\frac{12}{100}$
 Three thousand Two

On February 9, 1911, a report was received from a Kansas City, Mo., bank (M) of a loss suffered by it through honoring a check, which, it developed, bore the forged signature of a depositor. Our detective agents, the William J. Burns National Detective Agency, Inc., traced the forgery to one Frank Kunza, 30 years of age, 5 ft. 6 in. tall, weighing 165 lbs. Kunza, who disappeared from Kansas City, following the forgery, was finally located by the Burns Agency in Gary, Ind., where they caused his arrest on March 1, 1911. Kunza was returned to Kansas City for trial.

On March 8, 1911, a bank (M) in Taunton, Mass., reported to our detective agents, the William J. Burns National Detective Agency, that one W. A. Fuller had defrauded the institution with a worthless check. During the investigation of this case the local police of Boston, Mass., arrested a bogus check operator giving the name of F. M. Brooks for defrauding a merchant in Boston. The Burns Agency succeeded in having "Brooks" identified as W. A. Fuller. He will be returned to Taunton for trial when the Boston authorities are through with him. Fuller is described as 33 years of age, 5 ft. 8 in. tall, weight 180 lbs., black hair, smooth shaven.

A man, giving the name of W. H. Mason, who claimed to be interested in timber lands and real estate, recently operated in Boston, Mass., where he succeeded in obtaining money on worthless checks. Mason, whose correct name is said to be McIntyre, opened an account with a Boston bank last December. At that time he made a small cash deposit on a worthless check drawn on a bank in another city. This check was later discovered to be worthless, but not until after Mason has been permitted to withdraw almost all of the deposit standing to his credit. This swindler is described as 50 years of age, 5 ft. 8 in. tall, weight 130 lbs., swarthy complexion, smooth shaven, dark hair turning grey at sides, hollow cheeks, wears glasses, one finger on right hand is amputated at first joint.

On February 25, 1911, a bank (M) in Winkelman, Arizona, reported that one Wm. F. Lawton, secured from that institution cash on a check which later proved to be worthless. Our detective agents, the William J. Burns National Detective Agency, investigated the matter and determined that Lawton's correct name was Fred B. Hatfield. In their efforts to locate Hatfield the Burns Agency conducted an in-

vestigation at Los Angeles, Cal., Sierra Madre, Cal., Winkelman, Prescott, Phoenix and Tempe, Ariz., and finally located Hatfield at Tempe, on March 3, 1911, when he was placed under arrest. Hatfield, who has since been returned to Winkelman, where he now awaits trial, is described as 20 years of age, 6 ft. tall, weight 170 lbs., stocky build, smooth shaven, light complexion, brown eyes, medium brown hair. He has been arrested on previous occasions for his worthless check operations. Page 85 (first column) of the August, 1910, Journal, contains an article concerning his arrest, which occurred last June. Following his arrest on that occasion he was released on probation.

A warrant has been issued for the arrest of C. H. Henry, who last month operated in Atlanta, Ga. In November, 1910, Henry opened an account with an Atlanta bank, making occasional deposits and withdrawals until March 10th, when he deposited bogus checks drawn on banks in distant cities. Henry managed to check against his account before the checks, which he had deposited, were discovered to be worthless. The swindler is said to have the appearance of a farmer. He is described as 42 years of age, 5 ft. 9 in. tall, weight 150 lbs., slender build, blue eyes, light hair, florid complexion, sandy mustache.

On March 6, 1911, the local police of New York City arrested Louis Dambert, 13 years old, for attempting to defraud a New York bank (M) by means of a check, to which the signature of Dambert's employer had been forged. The following day Dambert was sentenced to an indeterminate term in the Catholic Protectors.

One Harry Moulton, an electrician, who formerly resided in Kansas City, is wanted in that city on the charge of forging his employer's signature to a check drawn on a Kansas City bank (M). Moulton's description is: 30 years of age, 5 ft. 6 in. tall, weight 165 lbs., smooth shaven, dark complexion. When last seen he was dressed in a corduroy suit and flannel shirt.

One E. C. Tatum is said to have forged a depositor's name to a check drawn on a bank in Birmingham, Alabama. Since the discovery of the forgery Tatum has left for parts unknown.

On March 4, 1911, a Pittsburg, Pa., bank (M) was defrauded on a forged check by one F. A. Olasz. The case was reported to our detective agents, the William J. Burns National Detective Agency, on March 9th. They made a search for Olasz and located him in Pittsburg that evening, when they immediately caused the arrest of Olasz, who is a Hungarian, 35 years of age, 5 ft. 6 in. tall, weight 140 lbs., medium build, dark hair, dark complexion, brown eyes, dark mustache. Olasz's occupation is that of fraternal insurance solicitor. He now awaits trial in Pittsburg, Pa.

A bank (M) in Claysville, Pa., was defrauded through cashing a forged check on March 4, 1911. Our detective agents, the William J. Burns National Detective Agency, to whom the case was reported on March 9th, learned that the guilty party was Charles R. Bynon. On March 10th our detective agents communicated with the Chief of Police at Wheeling, W. Va., by telephone, who stated that one of his officers had just brought a man in who answered the description of Bynon. Our detective agents immediately went to Wheeling and identified the party arrested as Bynon, and had him returned to Washington, Pa., for trial. Bynon is 24 years of age, 5 ft. 6 in. tall, weight 150 lbs., slender build, fair complexion, dark hair, smooth shaven.

Page 405 (second column) of the January, 1911, Journal contains an article concerning the arrest of Harvey Boussem, who victimized an Ellensburg, Wash., bank (M). This swindler has since been sentenced to serve twenty years in the Washington State Penitentiary.

Frank Sanford, whose arrest was reported in the November, 1910, Journal, on page 304 (second column), has been given an indeterminate sentence of three to twenty years in the Washington State Penitentiary for defrauding a Seattle, Wash., bank (M) by means of a forged check.

Edward Russell has been given a sentence of two years in the Wyoming State Penitentiary for the attempted burglary of a Gillette, Wyo., bank (M). Russell's arrest was reported in the February, 1911, Journal, on page 473 (second column).

On page 406 (first column) of the January, 1911, Journal is recorded the arrest of A. E. Jacobus, who attempted to defraud a Detroit, Mich., bank (M). Jacobus has received a sentence of ninety days in the Detroit House of Correction.



HARRY E. BURDEN.

Harry E. Burden, alias F. E. Burden, who, as reported on page 530 (first column) of the March, 1911, Journal, was arrested in New Orleans after forging a check drawn on a New Orleans bank (M), was sentenced on February 21, 1911, to serve two years in the Louisiana State Penitentiary. Burden, whose photograph is published herewith, gave his occupation as piano tuner. He is 43 years of age, 5 ft. 5 in. tall, weighs 163 lbs., medium stout build, dark chestnut hair, mixed with grey.

Page 348 (second column) of the December, 1910, Journal, contains an account of the arrest of S. B. Gray and Lon Baker, in connection with the perpetration of a forgery on an Amarillo, Tex., bank (M). On March 15, 1911, Gray was brought to trial and received a sentence of five years in the Texas State Penitentiary. Baker was released because of the absence of sufficient evidence to convict.

On page 530 (second column) of the March, 1911, Journal is recorded the arrest of McKinley B. Embrey, in connection with the passing of a forged check on a New York bank (M). Embrey has been sentenced to serve an indeterminate sentence of three years and six months to five years and six months in Sing Sing Prison.

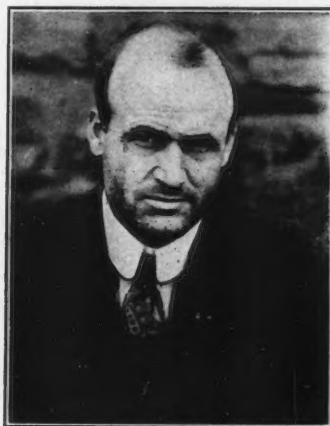
A sentence of six months in the Salt Lake (Utah) County Jail has been imposed upon A. F. Bushnell. The arrest of Bushnell, who had issued forged checks drawn on a Laredo, Tex., bank (M) was reported in the November, 1910, Journal, on page 307 (second column).

Page 553 of the June, 1910, Journal contains an account of the arrest of Waverley A. Leigh (colored). Leigh has since been given a sentence of two years in the Louisiana State Penitentiary for forging a check on an Emporia, Va., bank (M).

Herbert Bruen, whose arrest was reported on page 474 (second column) of the February, 1911, Journal, at the instigation of a Buffalo, N. Y., bank (M), has been released on suspended sentence.

On page 208 (first column) of the October, 1910, Journal is recorded the arrest of Lou Evans, in connection with an attempted forgery and a successful forgery perpetrated on a Montgomery, Ala., bank (M). This woman was sentenced on March 25, 1911, to serve two years in the Alabama State Penitentiary.

Page 473 (second column) of the February, 1911, Journal contains an article concerning the arrest of A. F. Strange. While this case was originally reported by a Shawnee, Okla., bank (M), it has developed that a bank (M) in Herrington, Kans., really suffered the loss through handling the forged check issued by Strange. This criminal has therefore been returned to Kansas and is now lodged in jail at Abilene awaiting trial.



E. L. HEATH.

A sentence of thirty days in the county jail was imposed on E. L. Heath who defrauded a Santa Barbara, Cal., bank (M) by means of a worthless draft. A notice of Heath's arrest appeared on page 528 (second column) of the March, 1911, Journal.

The arrest of Antonio Tapia was reported on page 474 (first column) of the February, 1911, Journal. This criminal, who victimized a San Francisco bank (M), has been given a sentence of three years in the California State Penitentiary.

Page 529 (second column) of the March, 1911, Journal, contains an account of the arrest of Luther McMullen who passed a forged check on a Shreveport, La., bank (M). McMullen has been given a sentence of six months in the county jail.



JOSEPH BOX.

We publish herewith photographs of Joseph Box and Walter A. Hester, both of whom now await trial in Los Angeles, Cal., following their arrest for a forgery perpetrated on a Los Angeles, Cal., bank (M). An article concerning these parties appears in the



WALTER A. HESTER.

March, 1911, Journal on page 528 (second column). Box is described as 26 years of age, 5 ft. 8½ in. tall, weight 135 lbs., dark brown hair, medium sallow complexion. Hester's description is: 26 years of age, 5 ft. 11½ in. tall, weight 165 lbs., medium light brown hair.

The March, 1911, Journal, on page 530 (first column) contains an account of the arrest of Charles A. McElaney, Phillip Farrell and Ed. Malley in connection with the forgery of a check drawn on a Boston, Mass., bank (M). Farrell and Malley have been released because of the absence of sufficient evidence to convict, but McElaney still awaits trial.

Leo Fuerst, who surrendered himself as a deserter from the United States Army, and who committed a forgery against an Atlanta, Ga., bank (M), was sentenced on February 27, 1911, to serve two years in the U. S. Military Prison at Fort Leavenworth, Kans. Fuerst's arrest was reported on page 474 (first column) of the February, 1911, Journal.

The November, 1910, Journal, on page 306 (first column) contains an account of the arrest of Phillip (Phyllis) Roberts, who defrauded a Los Angeles, Cal., bank (M). This woman was brought to trial and on March 10, 1911, was given a suspended sentence.



CHARLES H. EVERETT AND WOMAN.

The March, 1911, Journal, page 528 (second column), contains mention of the escape from jail of Chas. H. Everett. Inasmuch as Everett is a very dangerous swindler, and is likely to renew operations now that he is again at large, we publish herewith his photograph, description and mode of operation. Everett identifies himself with one or more leading



banks by becoming a small depositor and is often introduced by a prominent attorney whose clientage he has established. He gains complete confidence by placing in the attorney's hands an overdue note drawn

In his own favor, together with other correspondence regarding same to the effect that signer of note referred the matter to some firm in Ketchikan, Alaska, and further stating that writer expected to have enough money at an early date to meet the note. In due time a draft of the Miners & Merchants Bank of Ketchikan, Alaska, drawn upon an Eastern bank, properly numbered, is received by the attorney which covers principal and interest on note. This draft is deposited by Everett, and as the attorney is his reference he has no trouble in checking against his deposit. To further his standing at the bank where he carries an account he makes frequent mention of his contemplated deals in real estate and building enterprises in the immediate vicinity. In some instances where it seemed necessary to perfect his plans he has secured the endorsement of his attorney. Another method which he adopted with some success was to place checks for collection drawn against banks in adjoining cities where he carried deposits and which were duly honored, as the amounts were not large. Through this channel he paved the way for a larger check being honored for which he had no funds. A decided feature on all the checks or drafts issued by this forger are two parallel—though irregular—lines preceding the word dollars. An investigation proves that the Ketchikan drafts are not genuine, but apparently ordered by Everett and produced by the photo-engraving process. The drafts are mailed from Ketchikan, Alaska, by a confederate who evidently makes a trip to Alaska for the sole purpose of en-

hancing the success of the entire fraudulent scheme. Everett is not a man given to frequenting hotels or public places, and appears at all times reserved and non-committal; occupies modest furnished rooms; patronizes cheap restaurants and receives his mail at the general delivery. Everett's accurate description is as follows: Thirty-three years of age, 5 ft. 9½ in. tall, weight 155 lbs, slender build, dark brown hair, sallow complexion, mustache would be sandy. His occupation is given as a gambler and a thief; has a scar between the first and second finger of the left hand. When walking his right foot seems to turn in about one inch. Is an inveterate opium smoker. On his travels Everett has often been seen in the company of a woman whom he represents as his wife, whose photograph is also published herewith. She is described as a German-Jewess, 30 years of age, weight 150 lbs., 5 ft. 7 in. tall, blue eyes, light complexion, light hair. She is of the blonde type, and has a good appearance. She wears several rings, one a band ring. She wears her watch on her waist pinned with a small article of jewelry representing a flower.

The arrest of R. C. Merrifield is recorded in the February, 1911, Journal (second column) on page 474. Merrifield, who swindled a Fort Collins, Colo., bank (M) has been given a sentence of three years in the Colorado State Penitentiary.

STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1910, to March 31, 1911.

New York, April 1, 1911.

Criminals arrested, convicted, sentenced, awaiting trial, etc.

	Awaiting Trial Sept. 1, 1910.	Arrests From Sept. 1, 1910, to February, 28, 1911.	Arrests in March, 1911.	Total.	Convicted.	Released.	Escaped or Fugitives.	Suicide or Died.	Awaiting Trial.
Forgers, etc.....	50	84	8	142	59	30	4	1	48
Burglars	5	1	..	6	3	2	1	..	..
Hold-up Robbers.....	2	1	..	3	2	1	..	..	..
Sneak Thieves .....	..	..	..	..	..	..	..	..	..
	57	86	8	151	64	33	5	1	48

FORGERS.

March 18, Roy Cunningham arrested at Merrick, Okla.; defrauded Guthrie, Okla., bank (M) with forged checks; awaits trial at Guthrie, Okla.

March 1, Frank Kunza arrested at Gary, Ind.; passed forged check on Kansas City, Mo., bank (M); returned to Kansas City and awaits trial there.

March 8, W. A. Fuller arrested in Boston, Mass., for issuing bogus checks; defrauded Taunton, Mass., bank (M) with bogus check; awaits trial in Boston.

March 3, Fred. B. Hatfield arrested in Tempe, Ariz.; passed worthless check on Winkelman, Ariz., bank (M); returned to Winkelman and awaits trial there.

March 4, F. A. Olasz arrested in Pittsburg, Pa.; passed forged check on Pittsburg bank (M); awaits trial in Pittsburg.

March 9, Chas. R. Bynon arrested in Wheeling, W. Va.; defrauded Washington, Pa., bank (M) with forged check; returned to Washington for trial.

March 29, John J. Walsh arrested in Brooklyn, N. Y., for defrauding Chicago, Ill., bank by forged orders drawn against stolen savings bank book; Walsh is lodged in jail in New York awaiting extradition to Chicago.

March 5, F. L. Richardson arrested in Boston, Mass., for passing forged check on Boston bank (M); was placed on trial and given two months in the county jail.

Harvey Boussom—given twenty years in Washington State Penitentiary. Defrauded Ellensburg, Wash., bank (M); arrest reported in Jan., 1911, Journal.

Frank Sanford—received indeterminate sentence of three to twenty years in Washington State Penitentiary; defrauded Seattle, Wash., bank (M); arrest reported in Nov., 1910, Journal.

Edward Russell—given two years in Wyoming State Penitentiary; for attempted burglary of Gillette, Wyo., bank (M); arrest reported in Feb., 1910, Journal.

A. E. Jacobus—received ninety days in Detroit House of Correction; attempted to defraud Detroit, Mich., bank (M); arrest reported in Jan., 1911, Journal.

Harry E. Burden—given two years in Louisiana State Penitentiary; passed forged check on New Orleans, La., bank (M); arrest reported in March 1911, Journal.

S. B. Gray—given sentence on March 15 of five years in Texas State Penitentiary; Lon Baker released because of insufficient evidence to convict—both in connection with forgery committed on Amarillo, Tex., bank (M); arrests reported in Dec., 1910, Journal.

E. L. Heath—received sentence of 30 days in county jail; defrauded Santa Barbara, Cal., bank with worthless draft; arrest reported in March, 1911, Journal.

McKinley B. Embrey—given three years and six months to five years and six months for perpetrating forgery on New York bank (M); arrest reported in March, 1911, Journal.

A. F. Bushnell—given six months in Salt Lake, Utah, county jail; passed forged checks drawn on Laredo, Tex., bank (M); arrest reported in Nov., 1910, Journal.

Waverley A. Leigh—sentenced to two years in Louisiana State Penitentiary for passing forged check on Emporia, Va., bank (M); arrest reported in June, 1910, Journal.

Lou Evans—given two years in Alabama State Penitentiary in connection with forgeries perpetrated on Montgomery Ala., bank (M); arrest reported in Oct., 1910, Journal.

A. F. Strange—turned over by Colorado authorities to Kansas authorities to await trial for defrauding Herrington, Kan., bank (M); now in custody at Abeline, Kan.; arrest reported in Nov., 1911, Journal.

Antonio Tapia—given three years in California State Penitentiary; perpetrated forgery on San Francisco bank (M); arrest reported in Feb., 1911, Journal.

Leo Fuerst—given two years in U. S. Military Prison at Fort Leavenworth, Kan.; passed forged checks on Atlanta, Ga., bank (M); arrest reported in Feb., 1911, Journal.

Phillip (Phyllis) Roberts—given suspended sentence; defrauded Los Angeles, Cal., bank (M) with forged check; arrest reported in Nov., 1910, Journal.

R. C. Merrifield—given three years in Colorado State Penitentiary; perpetrated forgery on Fort Collins, Colo., bank (M); arrest reported in Feb., 1911, Journal.

Herbert Bruen—released on suspended sentence; issued bogus checks drawn on Buffalo, N. Y., bank (M); arrest reported in Feb., 1911, Journal.

Phillip Farrell and Ed. Malley—released from custody in connection with forged checks drawn on a Boston, Mass., bank (M); McElaney arrested with them still awaits trial; arrests reported in March, 1911, Journal.

Luther McMullan—sentenced to six months in county jail; passed forged checks on Shreveport, La., bank (M); arrest reported in March, 1911, Journal.

CRIMINALS AWAITING TRIAL, APRIL 1, 1911.

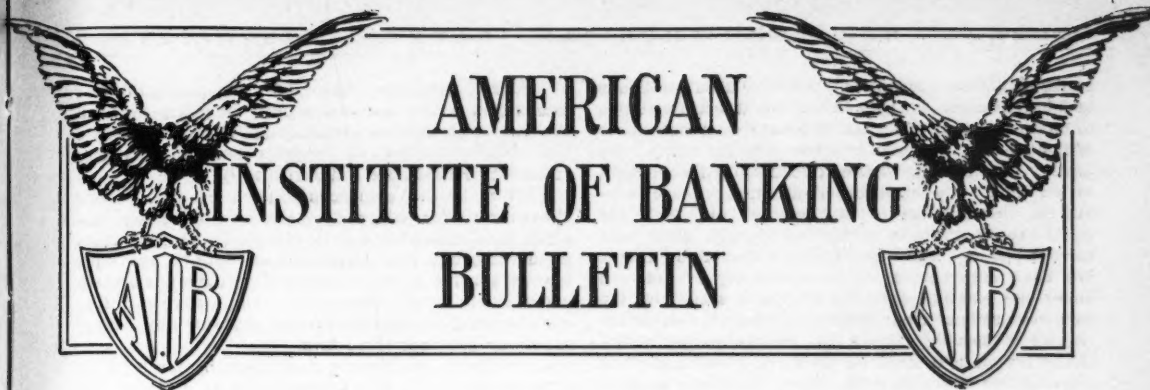
FORGERS.

Eug. C. Brockaw.....Chicago, Ill.
Irving G. Crocker.....Chicago, Ill.
S. M. Griggs.....San Francisco, Cal.
Wm. J. Jones.....Claremore, Okla.
Samuel H. Keeler.....Cincinnati, O.
Floyd Koon.....Chicago, Ill.
W. J. Williams.....Richland, Ga.
Roger Stephens.....Booneville, Ind.
Walter Johnson.....Morris, Okla.
S. H. Gray.....Athens, Tenn.
Ollie Hilliards.....West Newton, Pa.
Hume H. West.....Baltimore, Md.
Chas. M. Meeker.....Dalhart, Tex.
R. L. Peebles.....Birmingham, Ala.
John C. Walsh.....Brooklyn, N. Y.
Walter E. Neal.....Scottsburg, Ind.
J. W. Sharick.....Scottsburg, Ind.
S. Blum.....Cleveland, O.
A. W. Euard.....Pueblo, Colo.
Edw. F. Duffy.....Newark, N. J.
Howard C. Stanley.....New York City.
Earl Samuel.....Nashville, Tenn.
L. M. Hunter.....Charlotte, N. C.

F. Von Gordon.....St. Louis, Mo.
A. F. Strange.....Abeline, Kans.
H. F. Worley.....Hope, Ark.
G. R. Jones.....Los Angeles, Cal.
A. D. Smith, Jr.....Beloit, Kans.
J. E. Whitney.....Jacksonville, Fla.
Chas. A. McElaney.....Brighton, Mass.
Geo. Bitter.....Groton, S. Dak.
Geo. S. Hart.....Detroit, Mich.
Leopold Muller.....Jamestown, N. Dak.
A. H. Templeton.....Birmingham, Ala.
Jack Truscott.....Helena, Mont.
L. B. Price.....Clarksburg, W. Va.
John Box.....Los Angeles, Cal.
Walter Hester.....Los Angeles, Cal.
W. E. King.....Marshall, Mo.
Wm. M. Byrd.....Joplin, Mo.
Roy Cunningham.....Guthrie, Okla.
Frank Kunza.....Detroit, Mich.
W. A. Fuller.....Boston, Mass.
F. B. Hatfield.....Winkelman, Ariz.
F. A. Olasz.....Pittsburg, Pa.
Chas. R. Bynon.....Washington, Pa.
John J. Walsh.....New York City.
Thos. Milton Waller.....Morse, Kans.

ATTACKS UPON MEMBERS FROM SEPTEMBER 1, 1910, TO MARCH 31, 1911.

	Losses.	Total Losses.
Burglaries	7	
Attempted Burglaries (Professional.. 7)	\$21,439.76	
Amateur..... 8 }		
Hold-up Robberies	1	
	3,200.00	
		\$24,639.76



OFFICERS OF THE INSTITUTE.

RALPH H. MacMICHAEL, President, Pittsburg, Pa. Mellon National Bank
 LAWRENCE C. HUMES, Vice-President, Memphis, Tenn. First National Bank
 CHARLES H. MARSTON, Secretary, Boston, Mass. National Shawmut Bank
 RENNIE J. TAYLOR, Treasurer, Savannah, Ga. Citizens' & Southern Bank
 GEORGE E. ALLEN, Educational Director, New York City Eleven Pine Street

INSTITUTE EXECUTIVE COUNCIL.

1911

BRANDT C. DOWNEY, Chairman, Indianapolis, Ind. Continental National Bank
 RALPH H. MacMICHAEL, ex-officio, Pittsburg, Pa. Mellon National Bank
 LAWRENCE C. HUMES, ex-officio, Memphis, Tenn. First National Bank
 ALFRED M. BARRETT, Vice-Chairman, New York City Guardian Trust Company
 E. A. HAVENS, Providence, R. I. Mechanics' National Bank
 A. WALLER MORTON, Chicago, Ill. National City Bank

1912

FRANK M. CERINI, Oakland, Cal. Oakland Bank of Savings
 WILLIAM S. EVANS, Philadelphia, Pa. Rufus Waples, Banker
 E. C. PHINNEY, Minneapolis, Minn. Northwestern National Bank
 CARROLL PIERCE, Alexandria, Va. Citizens' National Bank
 F. L. UNDERWOOD, Chattanooga, Tenn. Hamilton Trust & Savings Bank

1913.

GEORGE A. BROWN, Denver, Col. Denver National Bank
 HENRY J. MERGLER, Cincinnati, Ohio. Union Savings Bank
 HERBERT H. OWENS, Baltimore, Md. Farmers & Merchants' National Bank
 HARRY F. PRATT, Cleveland, Ohio. First National Bank

AMERICAN BANKING PROBLEMS.

By A. Piatt Andrew, Assistant Secretary of the Treasury—Synopsis of an Address at the Tenth Annual Banquet of New York Chapter of the American Institute of Banking—Senator Aldrich's Proposed "Reserve Association of America"—Defects in Our Banking and Currency System and How They May be Remedied.

When I was honored with the invitation to address this important gathering to-night, I accepted, not because I felt competent to add anything especially gala to the festive anniversary, but because I had heard of the ideals and the serious work of the New York Chapter, and I knew that this was an opportunity to enlist the interest of a large body of young bankers in what seems to me to be a very important movement.

A great deal has been written and said in the last twenty years about "American Banking Problems," but so little has been done, that the subject has become trite, and the interest of most people has become stale. Not more than a month ago, however, Senator Aldrich, like Chanticleer, sang his song, and immediately a new light was projected over the field of banking questions, throwing them into sharper outline, and it is with regard to these proposals of Senator Aldrich that I have thought to say something to-night.

It is unnecessary before an assemblage like this to enlarge upon the nature of those problems. We have all experienced within the last three years, or at any rate scarcely more than three years ago—and in a vivid manner, the deficiencies of our system. We have witnessed the lack of any co-ordinating mechanism in our banking system which could secure unity of policy and uninterrupted trade between the

banks of different localities. We have seen the banks of different cities engaged in a life and death struggle to obtain each other's cash. We have seen two-thirds of the banks of the country suspending payments. We have seen exchange between leading cities brought to an end. We have observed, under those conditions, the absence of any market to which the banks could turn in order to convert their best solvent paper into immediately available assets. We have experienced the unavailability of reserves under the existing system. We have seen how the legal regulations of our federal banking system, which require a specific portion of reserve to be maintained inviolate, a provision which has been copied in most of the State Banking Laws, have operated to prevent those reserves from actually serving when needed, as reserves. We have seen, too, how the system which has prevailed up to this time of lending a considerable part of the reserves of other cities, which are deposited in New York, on Stock Exchange loans, has resulted in demoralization in the stock market when those reserves were called home. We have also observed in this city, as in other parts of the country, the interference of the Treasury Department—of the independent Treasury System, I should say—in the financial transactions of the country, the locking up in periods of government surplus of large amounts of money in the Treasury, involving their withdrawal from circulation and from the banks, and at other times their more or less whimsical reinjection into the currency, and into the banking reserves. We have also observed the inflexibility of our system of note issue, based upon government bonds, which makes the amount of the notes outstanding depend rather upon the needs of the government for cash, than upon the needs of the community for circulating medium. Finally, we have seen and experienced here, and observed in other parts of the country, the difficulties that arise through the complexity of our banking system with several kinds of banks conducting the same business under different laws in each of forty-six different States.

We can perhaps group the deficiencies of our banking system under six general heads, reviewing them as I have endeavored to recall them to your attention.

At the outset is the unavailability of our banking reserves, first, because of the rigid prescription by law of a fixed proportion of cash to deposits, which must be maintained inviolate; second, because our banking reserves are parcelled out among twenty-five thousand different institutions; and third, because our system tends to concentrate a considerable portion of the reserves in loans on the Stock Exchange.

Second, is the lack of a discount market in this country, such as exists in almost all of the other leading countries of the world, a market to which the banks may resort in times of need, in order to exchange their good commercial paper for immediately available assets.

Third, is the inflexibility of our note issue, a deficiency which has long been commented upon, and which in the eyes of many writers upon banking, has received an exaggerated importance, that has led our public to feel that all that was needed in order to improve our banking system was a reorganization of the note legislation.

Fourth, is the lack of any co-ordinating mechanism which can secure unity of policy between the banks of different cities, and which can ensure that the settlement of balances between one city and another continues uninterruptedly.

Fifth, is the cumbrous system of independent Treasury vaults, which operates, as I have just explained, to withdraw money from time to time from circulation, and to reinject it according to the fluctuating surplus or deficit of the government, a system which exists in no other country, and a system differing essentially from that of any State or any corporation, or any individual firm.

Finally, is the lack of uniformity in our banking arrangements, due to the existence of a variety of banking institutions in forty-six different States, and subject to forty-six different sets of laws.

The plan propounded by the Chairman of the Monetary Commission, has attempted to deal with each of these six problems. Many of you are doubtless familiar with the details of the plan. It is too complex to more than touch upon to-night, but I most earnestly urge those of you who have not yet familiarized yourselves with it, to do so, for it seems to me to be the most important and comprehensive attempt at constructive financial legislation which has been made in this country since the early days of the Republic.

Senator Aldrich proposed, as you know, the establishment of an institution which he designated as "The Reserve Association of America," which was to be owned by the national banks of the country, subscribing in proportion to their capital, and which was to have for its customers only such banks. This institution was intended to serve as a connecting bond between the banks of the country, to hold the larger portion of their cash reserves and to be the agency through which would be settled clearing house balances, and the balances between different cities. It was to be an institution of such dimensions as regards capital and as regards resources, and of such prestige, and of such privileges, that it could to a large degree restrain and control the policy of the other banks when there was a tendency to over-expansion or over-inflation, and that it could, to some degree, influence, as do the great institutions of Europe, the outflow and inflow of gold. This institution, too, would serve in times of difficulty, to render the reserves of the other banks more flexible, first, by pooling them and making them jointly and mutually serviceable, and second, because it would offer a discount market, so to speak, where the banks could exchange their best commercial paper for immediately available funds, very much as the Stock Exchanges afford an ever ready market for standard stocks and bonds. A bank could, by rediscounting with the Reserve Association, increase its balance in time of difficulty, and so virtually increase its reserves. The Reserve Association was intended to provide flexibility of reserves through the concentration of the reserves in a central institution and through the creation of a discount market.

The plan was designed also to remedy that defect which has so long been emphasized, the inflexibility of our note issue. It contemplated, as many of you know, the taking over by the Reserve Association of the responsibility for redeeming the notes of such banks

as choose to avail themselves of the opportunity, and at the same time the Association was to take over the bonds which the banks now have on deposit in the Treasury in Washington as security therefor. For such banks as chose to take advantage of the privilege, the Reserve Association would take over their note issue, and their bonds. Later and gradually those bonds could be disposed of by the Reserve Association. The plan provides that fifty million dollars of these bonds might be sold each year in the market, and in addition, such bonds as the Secretary of the Treasury might choose to retire, and such bonds as the Postal Savings Trustees might absorb for the investment of postal saving funds, so that at least fifty millions could be retired each year, and probably a larger portion would be retired, and in the course of a decade the bond-secured currency which was created in war time, in order to provide a market for our bonds, and which has long been obsolete, and is everywhere recognized as unsatisfactory, would cease to exist, and we should have a currency based upon general banking assets, rather than upon bonds.

In the next place, the plan was designed to do away with the objectionable features of the independent Treasury. The custody of public moneys and their disbursement would take place thereafter through the Reserve Association, which would become practically the sole depository of government funds. The sub-treasuries would continue to exist, probably, as places of exchange for different kinds of money, but they would cease to exist as semi-banking institutions, and we should forever be relieved of those difficulties which have confronted our banking system in the course of the last three decades through the absorption of large amounts of money in time of surplus.

Finally, the plan contemplates doing away with the lack of uniformity which results in our present banking system through the conflict of State laws. It proposes to extend to banks under federal charter many of the privileges which are now enjoyed by State banks, and trust companies. Under certain conditions national banks could open savings departments, invest a part of the savings in loans upon real estate, and under other conditions another group of national banks would be allowed to perform the functions now performed by the trust companies, subject, however, as regards their commercial business, to the same regulations that national banks to-day are subject to. If such an extension of the privileges of the federal banks were made, undoubtedly a large proportion of the State chartered banks and trust companies would prefer to reorganize under a federal charter, because of the new privileges which they could obtain through the Reserve Association.

The Aldrich plan, which I have only sketched in its rudest outline, was thus designed to meet the six difficulties which I enumerated at the outset and to bring greater order and coherence into our banking.

It is not strange that in a country like ours we have not yet achieved order and system in all of the activities and institutions of our life. When you remember that within a century the greater part of this country was barren territory or forest, inhabited by savages, and that in the course of only one hundred years the broad extent of the country has been transformed into fields and highways and busy centres

of trade, it is surprising that we have already accomplished as much as we have in the way of bringing order out of chaos. It is not surprising that we still lack many of the institutions and arrangements which in the older countries of the world now render invaluable services to their people. Our banking system to-day is vastly better equipped than it was fifty years ago. We no longer have more than one kind of bank notes. We no longer allow banks to be created in any part of the country without careful regulation of the law, and without careful official scrutiny. We still, however, suffer intermittently from disgraceful collapses of our banking system, involving general suspensions of payment and of exchange, conditions which have no counterpart in the banking history of other countries. As those collapses are avoided elsewhere, they are capable of being remedied here, and it is a matter of duty, self interest and pride to do what we can to prevent them. On this account, gentlemen of the New York Chapter of the Institute of Banking, I bespeak from you all a most careful and earnest study of the work of the Monetary Commission, and of the plan which Senator Aldrich has prepared as a result of the investigations of that Commission, and the rude outlines of which I have tried to present to you this evening. (Applause.)

MONEY.

By Hon. J. E. Ralph, Director of the United States Bureau of Engraving and Printing—Ten Different Kinds of Money Used in the United States—How Paper Money is Made—New Designs and Proposed Change of Size—Synopsis of an Address Before Philadelphia Chapter.

Money is a standard by which wealth is measured, and is the means by which one kind of wealth can be exchanged for another. Money differs from currency. While currency is anything with which commodities can be bought and debts canceled, it does not always have an intrinsic value but may be, as in the case of bank-bills and government notes, merely a voucher or representative of value, in which case it is not money in the strict acceptance of the term.

Money is that kind of currency which has an intrinsic value, and even if not used as currency would still be wealth. Money is anything that by agreement serves as a common medium of exchange and measure of value in trade, as legal tender, coin, notes, or cash.

Article 1, Section 8 of the Constitution of the United States provides that "The Congress shall have the power, to coin money and regulate the value thereof," etc., which has been supposed to make the term money synonymous with coins. Article 1, Section 10, provides that "No State shall coin money; emit bills of credit; or make anything but gold and silver coin a tender in payment of debts," etc. Congress has maintained this point so well that the copper coins heretofore struck and the nickel pieces, although authorized to "pass current," are not money in an exact sense, because they are not made legal tender beyond twenty-five cents. The question has

been raised as to whether or not a paper currency can be constitutionally authorized by Congress and constituted a legal tender in the payment of private debts. Such a power has been exercised and adjudged valid by the highest tribunals in several of the States as well as by Congress in the Legal Tender Acts of 1862 and 1863, which were declared constitutional by the Supreme Court of the United States in its legal tender decisions.

Articles Used as Money.

Any article of wealth, that is anything that has value may be used as money. Tin was thus employed in ancient Syracuse and Britain, iron was used in Sparta, cattle in Rome and Germany (*pecunia*, from *pecus*, cattle), a preparation of leather among the Carthaginians, platinum in Russia, lead in Burma, nails in Scotland, pieces of silk among the Chinese, cubes of pressed tea in Tartary, salt in Abyssinia, cowrie-shells on the coast of Africa, slaves among the Anglo-Saxons, tobacco in Virginia and Maryland, codfish in Newfoundland, bullets and wampum in the early history of Massachusetts, sugar in West Indies, soap in Mexico, etc.

However, from the earliest historical record of purchase with money when Abraham paid to the children of Heth 400 shekels of silver, "current money with merchants" (Genesis xxiii, 16), which was about 1872 Before Christ, until now, gold and silver has been the money of the world with civilized and commercial people.

These metals possess some singular advantages which explains why they are used as money. They are intrinsically valuable, and everybody in the civilized world desire gold and silver, not simply as money, but for ornaments, for plate and other uses, and no one is able to obtain them without labor. Therefore, they have both the elements of true value. In addition they wear out very slowly; they are very easily divisible and malleable, and can be readily alloyed and refined; they are largely distributed over the globe, and are yet of sufficient scarcity; they being the same quality wherever found, and are subject to fewer fluctuations in value than any other commodity known. This last quality being a prime requisite in money. In exactly the degree in which the value of money were unstable would it cease to be a trustworthy standard of value and in the same degree exchanges would be made difficult and contracts uncertain.

In order that money may be a standard of value as well as an instrument of exchange its own value must be invariable—a condition to which gold and silver better conform than any other commodity but in which any currency not convertible into these necessarily fail. When bank-notes and government notes become currency without a corresponding basis of money, nothing has ever been able to prevent their fluctuations in value and the consequent effect upon all other values. The temptation to increase these issues according to the fancied interest of the bank or government is always likely to prove irresistible in consequence of which the community employing them finds itself flooded with a currency upon which all values float with an unsteady motion, and any standard of values is out of the question.

Fiat Money.

This leads us to inquire what is the meaning of fiat money and legal tender.

The name, "flat money" was first given to irredeemable paper currency during the Greenback agitation in the United States after the Civil War, from the claim of the Greenback Party that the fiat of the Government could give value to a circulating medium. Fiat money is inconvertible paper money, not even containing a promise to pay, but issued by the State with the bare assertion of its identity with money, although no provision is made for its exchange for specie. Fiat money was issued by the American Colonies to a considerable extent, and the history of its rapid depreciation and final worthlessness is well known. When a government is forced to this measure the state of its finances is virtual bankruptcy.

Legal Tender.

Legal tender is that currency which has been made suitable by law for the purpose of tender in the payment of debts. The following descriptions of money are legal tender in the United States:

All the gold coins of the United States are a legal tender in all payments at their nominal value when not below the standard weight and limit of tolerance provided by law for the single piece, and, when reduced in weight below such standard of tolerance, they are a legal tender at a valuation in proportion to their actual weight.

Treasury notes and standard silver dollars for all payments.

Silver coins of a smaller denomination than one dollar, for all sums not exceeding ten dollars.

The minor coins, five, three, two, and one cent pieces for all amounts not exceeding twenty-five cents.

By the Acts of February 25, 1862, July 11, 1862, and March 3, 1863, Congress authorized the issues of notes of the United States, declaring them legal tender for all debts, public and private, except duties on imports, and interest on the public debt. 12 Stat. L. 345, 532, 709.

These notes are obligations of the United States, and are exempt from State taxation; 7 Wall. 26; but where a State requires its taxes to be paid in coin, they cannot be discharged by a tender of these notes. A debt created prior to the passage of the legal tender acts, and payable by the express terms of the contract in gold and silver coins, cannot be satisfied by a tender of Treasury notes. 7 Wall. 229, 258; 12 Id. 687. The legal tender acts are constitutional as applied to pre-existing contracts, as well as to those made subsequent to their passage; 12 Wall. 457. In 1870 Mr. Justice Strong, overruled the previous opinion of the Court as enunciated by Chief Justice Chase in 8 Wall. 603. Therefore, Congress has the constitutional power to make the Treasury notes of the United States a legal tender in the payment of private debts, in time of peace as well as in time of war. 110 U. S. 421.

Postage Currency—Fractional Currency.

By the Act of Congress approved July 17, 1862, a postage currency was authorized which was receivable in payment of all dues to the United States less

than five dollars. They were not, however, a legal tender in payment of private debts. General F. E. Spinner, who was Treasurer of the United States for a number of years, was undoubtedly the inventor of fractional currency. All of the gold, silver and copper money in circulation in the United States—to the extent of many millions—disappeared as if by magic when the Civil War broke out. This was caused by the desire of the timid to save something of actual value from the threatened wreck of the Union, and by the desire of the greedy to hoard that which would be at a high premium in the future. The notes of State banks then in circulation prevented any serious inconvenience in making change in amounts from \$1 up, but as the silver and copper coins struck by the Government were the only fractional currency in use the inconvenience caused by its sudden disappearance can hardly be imagined at this date. A relief from this situation was promptly met, and merchants issued promissory notes on small sizes of paper for amounts varying from one cent up and redeemable in goods at their place of business. Metal checks, milk tickets, street car tickets and anything having an apparent value was pressed into service for making change. Very naturally the postage stamps claimed recognition but the adhesive back was a serious impediment. General Spinner first pasted postage stamps upon slips of paper in definite amounts, in the semblance of money. The Post Office Department readily agreed to redeem them when the old ones were worn or mutilated. This convenience was readily recognized and Congress authorized a postal currency.

Postage stamps are now frequently accepted by business firms in exchange for merchandise.

First Coins Struck on this Continent.

It is said that the earliest coins struck on this continent were those of Mexico, where a mint was established in 1535. The first coins struck in the American Colonies, were the Sommer Island (now Bermuda) series of 1616, which was then a part of the Colony of Virginia. These were followed by the New England and Massachusetts silver shillings and smaller denominations in 1652. The Lord Baltimore series appeared in Maryland in the year 1659, and were succeeded by those of Carolina, New Jersey and other colonies.

Continental Paper Currency.

The emission of bills by the Colonies and the banks were not regarded with favor by the mother country, and the provincial governors were generally opposed to these issues. Various acts were passed restricting their use, but with little result. Parliament in 1751 abolished legal tender for paper money in the colonies, and in 1763 declared any issue void. The Revolutionary War brought about a change, and the second Continental Congress, in order to raise funds—and lacking the power of taxation—naturally turned for relief to issuing paper money.

In May, 1775, the first Continental notes appeared, three million dollars being first authorized, and they were issued from time to time until January, 1799, when discontinued, as they were then passing at the rate of forty dollars of paper to one of silver. The Continental currency continued to depreciate until 1781, when one thousand in paper money was only

equal to one Spanish silver dollar, and then went entirely out of use. About \$242,000,000 were issued and none were ever redeemed. Many of these notes were preserved, especially by the rank and file of the army, who carried them home only as mementos of the years of toil, hardship and danger. A year's earnings were often paid for a single breakfast. However, the cause for which the old Continental money was put forth had been gained. It prevented our subjugation and placed us in the high rank of nations we now enjoy. Those who bore its burdens did it cheerfully and made it the means of our national existence.

During the Revolutionary War paper money—distinct from the Continental currency—was also issued by several of the states. It is estimated that more than \$200,000,000 was issued, the greater part of which also became worthless.

Some have fancied that it was the authority of Government that gave money its value, but the true value of money is always measured by the amount of goods it will honestly purchase, regardless of official sanction.

In 1781, on the recommendation of Congress, the Assembly of Pennsylvania repealed all legal tender acts, and this was followed by all of the other states. Thereafter no State was permitted to coin money, emit bills of credit, or make anything but gold and silver a tender in payment of debt, which provision was adopted by the Constitution of the United States in 1787.

While notes of different forms were issued by the Government at various dates, some of which were receivable for Government dues, yet no circulating notes were authorized to be issued which were payable on demand, in coin, or made legal tender, until the Act of February 25, 1862.

The First United States Mint.

The first mint of the United States was established at Philadelphia in 1793, in accordance with the Act of April 2, 1792. The issue of coins from this mint soon placed the money of this country on a more stable basis. For a period of twenty-three years—1789 to 1812—no notes were issued. When the War of 1812 broke out the lack of funds was so apparent that the Administration and Congress felt themselves forced to issue interest bearing Treasury-notes. During the years 1812, 1813, 1814 and 1815, these notes were issued to the amount of \$80,000,000. They were not intended to circulate as money and were retired as soon as possible after the war. Then for a period of twenty-two years, 1815 to 1837, there was no resort to this remedy for the relief of the Government.

Again during the Mexican War, 1846-1847, the plea of necessity secured Congressional authority to issue similar notes to the amount of some \$26,000,000. Again in 1857, owing to a financial panic, and the suspension of specie payments by the banks, Congress considered a new issue as the only remedy for existing distress, which continued to 1861, and amounted in all to \$87,000,000 for this period.

The nation was now confronted with internal strife and the war cloud blackened—the climax was reached—Fort Sumpter attacked on April 12, 1861, and

thus the great Civil War, which in magnitude, proved to be before unequaled in the history of nations, was a stern reality. The Southern States were declared blockaded, and several of these States publicly declared their secession from the Union and formed a new Government under the name of the Confederate States of America. An extra session was called on July 1, 1861, to provide means for continuing the war.

"Greenbacks."

The first paper money, "greenbacks," ever issued by the Government of the United States was authorized by the Act of July 17, and August 5, 1861. These bills were called demand notes because they were payable on demand at certain designated sub-treasuries, and later were made redeemable in coin. The Act of February 25, 1862, provided for the substitution of United States notes, which were a legal tender, in place of the Demand Notes, and the latter were, therefore, canceled when received. These issues were the first bills intended to circulate as money that emanated from the United States Treasury, and it was the first instance that authorized bills of credit, or circulating notes were made payable on demand in lawful money. Subsequent issues followed July 11, 1862, March 3, 1863, until Jan. 30, 1864, the highest amount outstanding was reached, being over \$449,000,000.

The Ten Different Kinds of United States Money.

GOLD COINS.

The coinage of legal tender gold was authorized by the first coinage act passed by Congress, April 2, 1792. The gold unit of value is the one dollar, which contains 25.8 grains of standard gold .900 fine. The amount of fine gold in the one dollar is 23.22 grains, and the remainder of the weight is an alloy of copper. While the gold dollar is the unit and standard of value, the actual coinage of the \$1 piece was discontinued under the authority of the Act of Sept. 26, 1890. Gold is now coined in denominations of \$2.50, \$5, \$10 and \$20—called respectively, quarter eagles, half eagles, eagles and double eagles. The total coinage of gold by the mints of the United States from 1792 to June 30, 1908, is \$2,993,448,703, of which it is estimated that \$1,535,401,287 is now in existence as coin in the United States, while the remainder, \$1,458,047,416, represents the excess of exports and the amount consumed in the arts. The gold bullion now in the United States is about \$80,800,000.

SILVER COINS.

The principal silver coin is the one dollar, which contains 412½ grains of standard silver .900 fine. The amount of fine silver in the one dollar is 371¼ grains, and there are 41¼ grains of copper alloy. The standard silver dollar was first authorized by the Act of April 2, 1792. Its weight was 416 grains .8924 fine. It contained the same quality of fine silver as the present dollar, whose weight and fineness were established by the Act of Jan. 18, 1837. The coinage of the standard silver dollar was discontinued by the Act of Feb. 12, 1873, and it was restored by the Act of February 28, 1878. The total amount coined from 1792 to 1873 was \$8,031,238, and the amount

coined from 1878 to Dec. 31, 1904, when coinage was discontinued, was \$570,272,610. The coinage ratio between gold and silver under the Act of 1792 was 15 to 1, but by the Act of 1834 and 1837, it was first changed to 16.002 to 1, and finally to 15.988 to 1 (commonly called 16 to 1). This is the present ratio. (The phrase 16 to 1, as applied to coinage, means that the mint value of 16 ounces of silver shall be equal to the mint value of one ounce of gold; that is, that 16 ounces of silver shall be coinable into as many standard silver dollars as one ounce of gold is coinable into standard gold dollars.) Of the 570,272,610 silver dollars coined since February, 1878, 2,495,000 are reported to have been shipped to Cuba, Porto Rico and the Philippines, of which 612,730 have been returned. There were held in the Treasury June 30, 1908, \$491,895,049, and the amount outside of the Treasury of the United States was \$76,454,933. Of the amount held in the Treasury \$474,350,000 were held for the redemption of an equal amount of silver certificates outstanding; \$4,982,000 were held on account of Treasury Notes of 1890, and \$12,563,049 were held in the general cash as assets of the Government. The commercial value of an ounce of fine silver June 30, 1908, was \$0.54282, and the commercial value of the silver in the silver dollar on that date was 41.983 cents.

SUBSIDIARY SILVER.

The silver coins of smaller denominations than one dollar, authorized by the Act of April 2, 1792, were half dollars, quarter dollars, dimes and half dimes. They were equivalent in value to the fractional parts of a dollar which they represented—that is two half dollars were equal in weight to one silver dollar, and so on. These coins were full legal tender when of standard weight, and those of less than full weight were legal tender at values proportionate to their respective weights. By the Act of February 21, 1853, the weight of the fractional silver coins was reduced so that the one half dollar weighed only 192 grains, and all the smaller denominations were reduced in proportion. Their legal tender quality was at the same time limited to \$5, and they thus became subsidiary coins. The present subsidiary coins are half dollars, quarters and dimes. Their weight is slightly different from that prescribed by the Act of 1853, but the limit of their legal tender quality has been raised to \$10, and \$197,912,578 have been coined since 1873.

GOLD CERTIFICATES.

By the Act of March 3, 1863, the Secretary of the Treasury was authorized to receive deposits of gold coin and bullion in sums not less than \$20, and to issue certificates therefor in denominations not less than \$20, such certificates to be receivable for duties on imports. Under this Act deposits of gold were received and certificates issued until Jan. 1, 1879, when the practice was discontinued by order of the Secretary of the Treasury. The purpose of the order was to prevent the holder of United States notes from presenting them for redemption in gold and redepositing the gold in exchange for gold certificates. No certificates were issued after Jan. 1, 1879, until the passage of the Bank Act of July 12, 1882, which authorized and directed the Secretary

of the Treasury to receive gold coin and bullion and issue certificates. The Act, however, provided that "the Secretary of the Treasury shall suspend the issue of gold certificates whenever the amount of gold coin and gold bullion in the Treasury, reserved for the redemption of United States notes, falls below one hundred millions of dollars." The Act of March 14, 1900, re-enacted this provision, and further provided that the Secretary may, in his discretion, suspend such issues whenever and so long as the aggregate amount of United States notes and silver certificates in the general fund of the Treasury shall exceed \$60,000,000. It provided further that of the amount of such certificates outstanding one-fourth, at least, shall be in denominations of \$50 or less. The amount of gold certificates now outside of the Treasury is \$464,806,629. The Act of July 12, 1882, made them receivable for customs, taxes and all public dues. Gold certificates in denominations of not less than \$10 were authorized by the Act of March 4, 1907.

SILVER CERTIFICATES.

The Act of February 28, 1878, authorizing the issue of the standard silver dollars, provided that any holder of such dollars might deposit them in sums of not less than \$10 with the Treasurer or any Assistant Treasurer of the United States, and receive certificates therefor, in denominations not less than \$10, said certificates to be receivable for customs, taxes and other public dues. The Act of August 4, 1886, authorized the issue of the smaller denominations of \$1, \$2 and \$5. Silver certificates have practically taken the place in circulation of the standard silver dollars which they represent. The amount outside of the Treasury July 1, 1904, was \$462,578,715, while the amount of standard silver dollars outside the Treasury was only \$71,561,684. The Act of March 14, 1900, provided that thereafter the issues of silver certificates should be limited to the denominations of \$10 and under, except that 10 per cent. of the total volume of such certificates, in the discretion of the Secretary of the Treasury, may be issued in denominations of \$20, \$50 and \$100. Neither silver certificates or silver dollars are redeemed in gold.

TREASURY NOTES.

Treasury Notes were authorized by the Act of July 14, 1890, commonly called the Sherman Act. The Secretary of the Treasury was directed to purchase each month 4,500,000 ounces of fine silver at the market price, and to pay for the same with Treasury notes redeemable on demand in coin and legal tender for all debts, public and private, except where otherwise expressly stipulated in the contract. It was provided in the Act that when the notes should be redeemed or received for dues they might be re-issued, but that no greater or less amount of such notes should be "outstanding at any time than the cost of the silver bullion and the standard silver dollar coined therefrom, than held in the Treasury purchased by such notes." The authority for the purchase of the silver bullion under this Act was repealed by the Act of November 1, 1893, up to which date the Government had purchased 168,674,682.53 fine ounces, at a cost of \$155,931,002, for which

Treasury notes were issued. The amount of Treasury notes redeemed in gold up to the close of the fiscal year 1908 was \$110,540,894, and the amount redeemed in standard silver dollars was \$84,393,676. Treasury notes redeemed in standard silver dollars are canceled and retired in accordance with the requirements of the Act of 1890. Section 5 and 8 of the Act of March 14, 1900, also provides for the cancellation and retirement of Treasury notes to an amount equal to the coinage of standard silver dollars and subsidiary silver from the bullion purchased with such notes. The cancellation of notes on account of coinage since March 14, 1900, is \$66,555,026, so that there remained outstanding June 30, 1908, but \$4,982,000.

UNITED STATES NOTES.

The principal issue of United States paper money was officially called United States Notes. They were the well-known "greenbacks" or "legal tenders." The Act of February 25, 1862, authorized the issue of \$150,000,000, of which \$50,000,000 were in lieu of an equal amount of demand notes, and could be issued only as the demand notes were canceled. A second issue of \$150,000,000 was authorized by the Act of July 11, 1862, of which, however, \$50,000,000 were to be a temporary issue for the redemption of a debt known as the temporary loan. A third issue of \$150,000,000 was authorized by the Act of March 3, 1863. The total amount authorized, including the temporary issue, was \$450,000,000, and the highest amount outstanding at any time was \$459,338,902 on January 30, 1864. There are still outstanding \$346,681,016. The reduction from the original permanent issue of \$400,000,000 to \$346,681,016 was caused as follows: The Act of April 12, 1866, provided that United States notes might be retired to the extent of \$10,000,000 during the ensuing six months, and that thereafter they might be retired at the rate of not more than \$4,000,000 per month. This authority remained in force until it was suspended by the Act of February 4, 1868. The authorized amount of reduction during this period was about \$70,000,000, but the actual reduction was only about \$44,000,000. No change was made in the volume of United States notes outstanding until after the panic of 1873, when, in response to popular demand, the Government reissued \$26,000,000 of the canceled notes. This brought the amount outstanding to \$300,000,000, and it so remained until the resumption Act of Jan. 14, 1875, provided for its reduction to \$300,000,000. The process was, however, again stopped by the Act of May 31, 1878, which required the notes to be reissued when redeemed. At that time the amount outstanding was \$346,681,016, which is the present amount. The amount of United States notes redeemed from the fund raised for resumption purposes since January 1, 1879, to June 30, 1908, was \$680,581,146; but the volume outstanding is undiminished because of the provisions of the Act of May 31, 1878, which require the notes so redeemed to be paid out again and kept in circulation. The Act of March 14, 1900, also directs the reissue of United States notes when redeemed, but they must first be exchanged for gold as provided in the said Act. The Act also provides that when silver certificates of large denominations are canceled, and small

denominations issued in their place, a like volume of small United States notes shall from time to time be canceled and notes of \$10 and upwards be issued in place thereof.

NATIONAL BANK NOTES.

The issue of circulating notes by National banking associations was first authorized by an Act, entitled "An Act to provide a National Currency secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof," approved Feb. 25, 1863, which Act was repealed by an Act, entitled "An Act to provide a National Currency secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof." Approved June 3, 1864. The Act of June 3, 1864, with subsequent amendments, was embodied in the Revised Statutes of the United States in 1873. This law as embodied in the Revised Statutes has been amended from time to time, and is now contained in what is known as the National Bank Act, with the amendments thereof.

Material amendments have been made to the national bank act during the past few years. The first, dated March 14, 1900, authorizes the formation of national banks with minimum capital of \$25,000; the issue of circulation to the par value of bonds deposited and reduced the tax on circulation secured by 2 per cent. bonds to one-fourth of one per cent. semi-annually. The Act of June 22, 1906, authorizes national banks to loan to one interest an amount not in excess of ten per cent. of the paid-in capital stock and surplus, the aggregate, however, not to exceed thirty per cent. of the capital, the original limitation being ten per cent. of the capital stock. On Jan. 26, 1907, an Act was approved prohibiting national banks or other corporations organized by authority of any Act of Congress from making money contributions in connection with political elections. The banking law was further amended authorizing the organization of national currency associations and the issue of bank members of such associations of additional circulation on securities, including commercial paper by the national banking association.

The act further authorizes deposited with the Treasurer of the United States, in trust, of State, municipal, etc., bonds, as security for circulation, but provided that additional circulation can only be issued to banks having an unimpaired capital, and surplus equal to twenty per cent. of the capital, and whose circulation secured by United States bonds amounts to at least 40 per cent. of their capital stock. Additional circulation, however, can only be issued at such times and under such conditions as, in the judgment of the Secretary of the Treasury, an increase in national bank circulation is warranted. Under the provisions of existing law a national bank is required to deposit interest-bearing bonds of the United States with the United States Treasurer as security for its circulating notes in the following minimum amounts. First: Banks with a capital not exceeding \$150,000 must deposit bonds, par value, to an amount not less than one-fourth of their capital stock. Second: Banks with a capital exceeding \$150,000 must deposit bonds to the amount of at least \$50,000, par value. Circulating notes are issued against United States bonds deposited as security

therefor to the par value of the bonds or of the market value, if the bonds are below par, the maximum amount issuable on bonds being measured by paid-in capital stock. Every national bank is required by law to make to the Comptroller of the Currency not less than five sworn reports every year, showing in detail its resources and liabilities, and it is required to publish the reports in a local newspaper; also to make a sworn report of every dividend declared, which also shows gross earnings, losses, expenses and net profits. The affairs of every bank are also examined about twice a year by an examiner, who verifies its assets and audits its accounts, and the examiner is empowered by law to examine every officer and employee of the bank under oath, if necessary, to find out its true condition.

MINOR COINS.

The five-cent pieces contain 75 per cent. copper and 25 per cent. nickel.

The one-cent pieces contain 95 per cent. copper and 5 per cent. tin and zinc.

Weight of Money.

\$1,000 in United States gold weighs 3.68 pounds avoirdupois.

\$1,000 in standard silver dollars weighs 58.92 pounds avoirdupois.

\$1,000 in subsidiary silver coin weighs 55.11 pounds avoirdupois.

\$1,000 in \$1.00 silver certificates weighs 3 pounds.

National Banks—How Organized.

A National Bank may be organized by not less than five persons anywhere in the United States, subject to the following requirements:

1. With not less than \$25,000 capital in any place having 3,000 inhabitants or less.
2. With not less than \$50,000 capital in any place having 6,000, but not more than 50,000, inhabitants.
3. With not less than \$200,000 capital in any city having over 50,000 inhabitants.

The aggregate capital of the 5,386 national banks on June 30, 1894, was \$776,904,335. Under the law the banks were entitled to issue circulation to the amount of their capital. The actual amount of circulation outstanding on that date was \$449,235,095, including \$36,475,646 notes of banks which have failed, gone into liquidation or have reduced their circulation.

The Manufacture of Paper Money.

The early issues of paper money, from 1861 until 1876, were made under contracts with various Bank Note Companies. After that date the Bureau of Engraving and Printing commenced the manufacture of United States paper money and still continues so to do. Since paper money became a circulating medium there have been many changes in design, character of paper and variety of seals used, besides changes in signatures of Treasurer and Register, owing to their retirement from office. Some notes were so successfully counterfeited that the Government deemed it wise to discontinue their issue. Fortunately this trouble has been reduced to a minimum by the

vigilance of the Secret Service men, and by the maintenance of the highest possible standard in the quality of work executed by the bureau, very few counterfeit notes are now in circulation.

Life of Paper Currency.

Considering all the denominations used, the national bank notes last the longest with an average life of over 3.6 years. Next comes the United States Notes with 3.6 years, Gold Certificates, 2.5 years, and silver certificates a little over 1.5 years. The longest lived of the ordinary denominations is the \$20 United States Note with nearly six years to its credit, while the shortest lived are the one and two dollar silver certificates, which remain in circulation only about one year.

Total Stock of Money in the United States.

Total stock in United States, Oct. 1, 1908, \$3,-380,005,800.

Amount of which was in gold, \$1,643,681,386.

Percentage of gold to stock, 48.6 per cent.

Paper money exclusive of silver certificates, which are represented by silver dollars, is \$1,027,060,343.

Behind the above amount of paper money we have 79.8 per cent. in coin, leaving 20.2 per cent. paper uncovered or unprotected.

The following table shows the stock of gold in the leading countries of the world according to recent returns:

UNITED STATES	\$1,643,681,386
Germany	1,030,300,000
Russia	939,400,000
France	926,400,000
United Kingdom	486,700,000
Austria-Hungary	306,400,000
Italy	215,500,000
Spain	90,900,000

Work of Printing.

The printing of stamps, bills and bonds is the highest expression of the printer's art. It is the jewelry of the trade, demanding skill, care, watchfulness and oversight such as is necessary in no other form of work. There is scarcely a man, woman or child in the Union who does not daily see some form of the issues of the Bureau of Engraving and Printing. Soothing syrup for the baby until recently bore a revenue stamp on the bottle. The smoker selects his "stogy" or "Perfecto" from a box carrying evidence of the engraver's skill. When the bon vivant says, "I'll take the same," that same has been drawn from a vessel on which the Government has placed a sample of the work executed at the Bureau of Engraving. Citizens and corporations exchange the savings or gains of years for a sheet printed by the bureau, and feel that the investment is safer than if converted into yellow gold and guarded by bolts and bars. All forms of securities, stamps and notes, from the internal revenue stamp, whose value is one-eighth of a cent, to a Government bond, whose par value is \$50,000, are made at the Bureau of Printing and Engraving. No other workshop in the world finds such universal demand for its products, and none of its customers complain of being overstocked.

Its work is the almost imperishable record of history. The fractional currency, the greenbacks, the national bank notes, the Treasury notes, the silver and gold certificates and bonds are the visible and tangible evidence of the struggles and triumphs of the nation. They are the crystallized forms of gigantic forensic battles waged under the statue of Columbia on the dome of the Capitol. They register the rise and fall of policies, parties and candidates. They furthermore, record the labors of 4,000 people employed in the bureau, a branch of the Government work which affords no soft places, but where every employee labors up to the limit of his ability.

Character of Paper.

The paper employed for the printing of bills is a fine, firm quality of linen, known as "distinctive" paper, manufactured under Government inspection at Dalton, Mass. Its delicate yet tough fibers have had a varied history before receiving the Government stamp. The flax grew perhaps in the moist, fertile fields of Ireland. It was gathered, bleached, spun and woven largely by woman's skill. It may have formed at one time dainty lingerie; it may have been the garments of babes; it may have been the confirmation suits of children or the graduating gowns of girls. Loving hands have caressed it, patched it, darned it, and finally consigned it to the rag bag. Its mission, however, was not thereby concluded. By a process of modern alchemy, it is transformed and issued anew, not from looms, but from rolls, to take up another cycle of usefulness. Feeding avarice, serving as a channel for charity, satisfying hunger, paying bills, building homes and perhaps dowering brides, whose mothers wore the same fibers when they stood before the altar, the bank note could tell a rare story of comedy and tragedy.

The sheets of paper on which bills and bonds are printed are delivered daily by the loans and currency division of the Secretary's office to the bureau upon requisition. From the time the blank sheets are delivered by careful count until thirty days later, when the printed bills are sent to the Treasury, the bureau must account for every sheet in its hands. It is counted when received, it is counted when wet, when printed on one side, when dried, when wet again, when printed again, when dried a second time, when examined for imperfections, when numbered—in short, counted some fifty times before it finally escapes from the bureau. It has become accustomed to be counted before it starts out into the world as money, and then continues to be counted until returned, dirty and worn out—counted to death—only to be again counted and destroyed.

Engraving.

The engraving division is the cornerstone of the bureau and the bulwark of our securities. In this division every form of security issued by the Government—notes, bonds, checks, drafts, internal revenue stamps and commissions—have their origin, and the most artistic and skilled engravers that the world produces are employed in this division. Steel engraving is the perfection of art as applied to securities; it differs from painting and sculpturing, inasmuch as the engraver who carves his work on steel

plates must deliberately study the effect of each infinitesimal line. Free hand, with a diamond-pointed tool known as a graver, aided by a powerful magnifying glass, he carves away, conscious that one false cut or slip of his tool or miscalculation of depth or width of line will destroy the artistic merit of his creation and weeks or months of labor will have been in vain. In no other form of printing can the beautiful, soft and yet strong effects in black and white be obtained as in steel engraving. The introduction of cheap mechanical process work has superseded the beautiful creations of our master engraver commercially, and now we find the art limited to bank note engraving. The recent two per cent. consol coupon and registered bonds, series 1910 and 1930, were the most artistic ever engraved, and the most difficult to counterfeit; the twenty-dollar gold certificate and the Philippine silver pesos notes are the acme of perfection in the art of steel engraving, and reflect great credit upon the genius of the American artist and mechanic. The work in this division is classified and divided so that the employees become specially skilled in some particular branch of the art. For instance, the engravers are classified as portrait, script, square letter and ornamental engravers. Each is confined to his own specialty, and thus becomes unusually expert, the result being that not only better work is secured, but a greater amount is turned out in a given time, and, what is of greater importance, increased security is obtained. The individual excellencies and characteristics of a number of men are impressed upon every bill issued. Therefore, it would be as difficult for one engraver to make a perfect reproduction of a Government plate as it would be for the reader to reproduce an absolute facsimile of his or her own signature, and, strange as it may seem, no one has as yet accomplished this feat.

Creditable Record.

To the credit of the engravers and employees of this division, it should be stated that in the history of the bureau none of its employees have engaged in counterfeiting. The various parts of the engravings which appear on the face and back of notes are separately engraved on soft decarbonized steel of the very finest quality, the portrait by the portrait engraver, the lettering by the letter engraver, the script by the script engraver, the lathe or cycloid work having been previously produced by the geometric lathe. This intricate piece of mechanism, so complete as to make the description almost impossible, produces the beautiful interwoven lines which surround the denomination counters and borders on notes and bonds. This lathe work was introduced to circumvent counterfeiting and for many years, up to the time of the counterfeiting of the \$100 silver certificate (Monroe head) note by Arthur Taylor of Philadelphia, Pa., in 1897, it was generally considered that the lathe work was the best check on counterfeiting; but he so successfully reproduced the most intricate lathe work by a mechanical process, of which he was the originator, as to defy many of the best experts of the treasury. The best possible check on counterfeiting is the portrait, which also is indispensable as a distinctive mark of identification.

The plates used in printing contain four notes,

and to distinguish one note from the other they each have engraved on the face separate check letters, A, B, C, D, and if you will examine the check letter you will find printed near it a number which is used by the bureau for identification, and by means of which can be ascertained a complete history of the plate used in printing the same, by whom engraved, printed, etc. At present you will find a number in excess of 10,000 on the one-dollar silver certificate notes; this signifies that 10,000 plates have been used thus far in printing this denomination.

When plates are issued in the morning, receipts are taken for them, and those charged with the same are not permitted to leave the building until they are returned to the Custodian's office and checked off. The system of checks and rules governing the custody of the work is so perfect that in the history of the bureau not a single plate has gone astray.

Distinctive Paper.

The manufacture of "distinctive" paper with its double row of red and blue silk fibers pressed into the surface is a skilled process, calling for fine machinery and the best of raw material. The process of preparing the paper for the printer also requires skill and experience. The wetting-room looks not unlike a laundry, but no buttons are washed off, nor do collars ever go astray. Here the bundles as received from the Treasury are opened, counted and separated into packages of twenty sheets each. A damp cloth is placed between each package and the paper is allowed to stand for several hours that it may absorb moisture from the cloths. The sheets are then shifted and placed under heavy pressure, and gradually prepared in the course of twenty-four hours for the printing press. Care is taken to preserve the sizing on the paper, and the cloths employed are kept clean by frequent boilings without soap. It is here that the counting begins, and it is fifteen years since a single sheet of paper has gone astray. One sheet on that occasion could not be accounted for. It may have been lost in the vat, it may have been a miscount on delivery to the bureau, but no theory, explanation or apology would serve. There is no mention or mercy or provision for mistakes in the creed of the bureau. The fault, if fault there was, could not be located, and the employees of the room had to pay for the sheet as though it had been printed.

Busy Room.

The busiest room in the bureau is that devoted to plate printing, where nearly eighteen hundred people are engaged in printing from the plates already described. Plate printing has changed but little since its invention in Italy about 400 years ago. The ink, specially prepared for the purpose, is rolled over all the plate, filling all depressions as well as covering the smooth surface of the plate. The pigment is then rubbed off the smooth surface with the bare hand, leaving the lines filled. The plate is then placed on the press, a damp sheet of paper placed upon it, and and passed under the roller of the press, and thus the design, with all its exquisite details of lines and shading, is transferred to the paper. The operation looks easy, but a great degree of skill is required to produce perfect work, and plate printing is a trade

in itself. The printer gives a receipt for the plate form, he receipts for every sheet of paper he receives, the press registers every impression made, and he cannot leave until he returns the plate and accounts for every sheet of paper. Each printer has a young woman to assist him, whose duty it is to lay the paper on the plate after it is inked, and remove the same after printing.

Designs.

To circumvent and make more difficult the counterfeiting of our paper money, the Secretary of the Treasury, who has given the subject much thought and study, recently appointed a committee consisting of U. S. Treasurer Lee McClung, myself, and Chief of the U. S. Secret Service John E. Wilke. Assistant Secretary Andrew will be represented on the committee by his private secretary, Robert L. Bacon. This committee has been actively engaged for several months preparing designs which will incorporate all of the essential features requested by the Secretary. This includes legibility, security as well as distinctiveness, and are features. The instructions also include the consideration of the reduction in the size of the notes.

At present there are nineteen miscellaneous designs in use, containing many objectionable features and a multiplicity of portraits, lacking legibility of denominational counters. The plan of the committee is to reduce these nineteen different designs to nine, characterized by a distinctive portrait for each class of notes, as suggested as follows: \$1, Washington; \$2, Jefferson; \$5, Lincoln; \$10, Cleveland; \$20, Jackson; \$50, Grant; \$100, Franklin; \$500, Chase; \$1,000, Hamilton.

It is intended to engrave such portraits as may be finally decided upon, in the center of the face of the note, the same portrait being used on any one denomination of the three different kinds of notes; i. e., United States notes, gold certificates, and silver certificates, thus making it a simple matter for all persons to become so familiar with the portraits that distinguish the respective denominations, that they will be unconsciously photographed on their minds, and be synonymous with the figures indicating the denomination of the notes; for example: When they see the portrait of Lincoln on a note they will readily understand that its denomination is \$5. It is necessary that all cashiers of banks and other persons in financial institutions who are constantly handling great quantities of money, as well as the general public, shall become familiar with each of these designs in order that they may readily distinguish the denomination and know the note is genuine. This familiarity with these portraits will enable each person to readily detect counterfeit erased notes, as experience has clearly shown that it is impossible for the most expert engraver to reproduce an exact facsimile of a portrait, even if the latter has been engraved by himself.

The class to which the note belongs may readily be determined by varying the colors in which the seal on the right side of the note and the denomination numeral on the left side of the note are printed. Of course the name of the class will be plainly repeated in the text of the note for each class as many times on the face and back of the note as at present.

In connection with any scheme for changing the design of our paper currency, it is necessary to emphasize certain features which are absolutely essential to any notes. First of all, certain wording is required by law on each of the different certificates, for example take the wording for Silver Certificates:

Silver Certificate. This certifies that there has been deposited in the Treasury of the United States of America, one silver dollar, payable to the bearer on demand. Washington D. C. Series of 1899, Act of August the 4th, 1886.

A	Silver Certificate.	A
Signature of the	Signature of the	
Register of the Treasury,	Treasurer of the United States.	

This plan shows the essential features of a note required by law. Add to this the foregoing wording and it will be evident that there is very little space left for any extra artistic embellishments, especially when, it must be remembered, it is necessary to leave plenty of blank space to allow the silk fibers of the distinctive paper to show through. There are two other important points to be considered in connection with designs. First, there must be distinctive denomination numbers in each corner of the note. The importance of the legibility of the counter to those who are constantly handling paper money in banks and commercial houses should not be underestimated. The denominational counter should be so distinct and legible as to allow the quick reading of the denomination. The distinctive feature of the note is the second important point. This is the portrait which should occupy a prominent part of the design, and when carefully engraved is the best possible circumvention against counterfeiting. There is no portion of the engraving on the bank note that is superior to a portrait in identifying a note.

Other points in favor of this suggested change may be summarized as follows:

To make the denominational counter or figure more distinct and legible.

To prevent as far as possible the raising of denomination of a note by adding another figure.

To incorporate added safeguards against counterfeiting.

To improve on the artistic value of the design, at the same time retaining the present necessary and praiseworthy simplicity.

Size.

At the same time it seems also desirable to take advantage of this opportunity to consider the question of a change in the size as well as design of the paper currency. While this question is under consideration in the Treasury Department, it seems appropriate that the arguments for and against the change in the size of the note should be widely discussed throughout the country, as nothing more intimately concerns the affairs of the people than their money. It is only after a fair presentation of both sides of this question, that any judgment should be formed.

It seems wise to consider this question in the size of the paper currency from two points of view:

1. From the point of view of the Treasury Department in the interests of economy.
2. From the point of view of the banks and commercial houses.

FROM THE POINT OF VIEW OF THE TREASURY DEPARTMENT.

The present size of the paper currency is 3.04 inches wide by 7.26 inches long, it is suggested that it be reduced to 2½ inches wide by six inches long, the same size as the Philippine paper currency, which has proved such an unqualified success. As will be readily seen the proposed change should result in a great saving for the Government, or about \$700,000.

FROM THE POINT OF VIEW OF BANKS AND COMMERCIAL HOUSES.

1. Notes being small and capable of being carried flat by individuals will be preserved in that shape and would therefore be more readily handled by cashiers, tellers, and clerks, and be capable of being closely packed.

2. It will not be necessary to change the dimensions of cash drawers, tills, compartments, etc., which now holds the present size of notes, as they will also hold the money of the proposed size. This, of course, would not be true if the suggestion were to enlarge and not to make smaller the existing size.

3. Banks as well as sub-treasurers could store probably 25 per cent. more notes in their vaults.

4. By actual experiments by the bank clerks and tellers of banks in the City of Washington, it is found that the proposed size of notes does not tend to cramp the hands of those persons manipulating them, as do the present size of notes, and that they are just as easily handled and counted as the old notes.

Difficulties.

Against these many advantages in favor of the adoption of the new size of notes, the only objection to the scheme that seems worthy of consideration is that for some time there would be two sizes of paper money in use which would probably cause inconvenience and annoyance to the business public and to bank tellers, but this objection could be overcome largely by preparing, in advance, a sufficient quantity of notes of the new size so that they could be exchanged for notes of the old size on a fixed date simultaneously, or nearly so, with all sub-treasuries, banks, and other large financial institutions. Preparing for the change, including the preparation of designs and plates and the printing of notes, would probably require about 18 months, and within that time a sufficient quantity of new notes could probably be prepared to make such exchange. The actual change could be substantially effected within a few months. The paper money in the hands of the general public would automatically change very rapidly, owing to the probable general desire to secure the new currency as soon as possible, on account of its novelty.

It will be noticed that these objections are based on the temporary inconvenience caused, and it is admitted that such temporary inconvenience may work slight hardship on some people and may cover a period of several months. But surely such considerations should never be allowed to stand in the way of permanent progress and permanent economy.

The above arrangements for the exchange of notes of course refers only to the United States notes and gold and silver certificates and can be

made operative under departmental authority, not therefore requiring special legislation. In order, however, to effect a reduction in the size of national bank currency without the necessity of legislative authority, at the same time, continuing the many present designs, it will be necessary to change or eliminate all of the 12,000 plates now in use. Each national bank has at present one or more distinctive plates bearing an inscription giving its title and location. Continuing the present design and at the same time reducing the size of the note would necessitate the engraving of over 12,000 new plates. This could doubtless be done only by the Government's assumption of the expense of the new plates—a very expensive operation, as each plate costs \$75, making a total expenditure of \$900,000.

Uniform Notes.

The difficulty, however, about reduction in the size of National bank notes could readily be overcome with great advantage and economy, by adopting a uniform circulating note which would do away with the necessity of special notes for individual banks. Legislative action, however, would be necessary to bring about this desired result. If this should be brought about there will perhaps be no appreciable expense whatever thrust upon the banks in the adoption of a similar sized note. The adoption of such a note would necessitate the preparation of only one hundred plates, and would result in the following advantages:

1. Uniformity with United States notes and certificates, thus making all paper issues in circulation the same size.

2. Reduction in the force of the office of the Comptroller of the Currency in receiving currency from the Bureau and its shipment to banks.

3. Reduction in vault space required by the Comptroller of the Currency.

4. There would be no necessity for the Comptroller of the Currency to carry a reserve supply for each bank, as his stock would be common to all banks. The present reserve supply of national bank notes in the Treasury is as follows:

Total balance\$664,930,970

Average amount on hand for each bank, about 68% Capital stock.

Emergency Currency\$650,000

Average amount for each bank, about 67% capital stock.

5. Saving of a large number of sheets which are held ready for issue, but which are canceled because the banks for which they are prepared go into liquidation. This item was 654,000 sheets in the last fiscal year. At present the Treasury has to keep a reserve on hand for each of the 7,000 active national banks. This would result in an estimated saving of \$40,000 a year.

6. Reduction of force in National Bank Redemption Agency through probable elimination of assortment by character numbers of the notes submitted for redemption.

7. In time of panic or money stringency the proposed uniform currency would be particularly helpful. The banks could then send the necessary amount of bonds to the nearest sub-treasury and get its equivalent in currency. This could be done in the

short space of time required for counting the bonds and making the book entry. In 1907 banks sending to Washington for their own notes had to wait sometimes three or four weeks for their currency.

The proposed reduction in the size of the paper currency ought to and would be popular with the public because it could be more easily handled, once the strangeness and newness of it had worn off. Also it could be carried in a pocket book of ordinary size with less folding. This fact would tend to prevent it from becoming soiled and torn as soon as the present notes which have to be folded and creased two or three times.

FINANCIAL CONDITIONS AND NEEDS.

By Robert E. James, President of the Easton, Pa., Trust Company—Address Before Baltimore Chapter of the American Institute of Banking.

A very cursory review of the history of banking in this country will demonstrate that in the several systems or rather phases of banking in this country, we have invariably come to the point of admitted failure. Systems have been abandoned and new ones installed. The last change was made when we bade a sad farewell to so-called wild cat banking and inaugurated the present system of national banking with a bond secured circulation, a system which was not the result of philosophic thought, or the experiences of the world, but a system forced upon us as an expedient to meet the necessities of the Government. For some decades we applauded it as the best system of banking in the world, then an occasional doubt intervened, but we still were enthusiastic, then doubt became distrust and '73 and '93 and 1907 utterly finished our confidence in the system. Repeated stringencies more and more emphasized the lack of something. The most apparent lack, was lack of money, and the most apparent defect in the present system is the inelastic character of the volume of currency. Any method of change either to increase or decrease is cumbersome and insufficient, and to increase after reaching a certain limit is impossible. There is no control over our gold supply and in consequence it is subject to the whims of foreign treasuries at any time.

In normal times the system performs its functions satisfactorily. In consequence of this peculiarity an eminent writer has called it the Fair Weather System of Banking.

In abnormal conditions the system is not only unsatisfactory but may become perfectly helpless. These abnormal situations may arise from a multitude of causes. Business being otherwise normal the unusual expenditures of the holidays, the annual movement of crops, or a doubt cast upon the credit of our securities held abroad, or an abundance of money seeking investment may make such an unusual demand as to make the lack of sufficient currency palpable to the public eye, and the moment this occurs, public confidence is affected and immediately the banks all over the country, each acting separately, begin to hoard their resources, converting every item of quick assets into cash, if possible withdrawing funds from reserve centres and storing the

bulk of currency so obtained in strong vaults. This is a natural sequence of things, and under similar conditions, the same result is invariably bound to follow. The result is that when currency is most needed there is the least to be had. Then follows in quick sequence, timidity displayed in the great centers, declarations in the public press of the shortage of currency, tell-tale stories of the weekly Clearing House reports, growing financial nervousness, and the trouble is on.

The great cities meet the consequent demand, which increases in geometric ratio, by suspension of payments or what is equivalent, the issuance of clearing house certificates. Country banks, are taught that when the first evidences of stringency appears, they must promptly withdraw their funds from the city banks, or they will not be able to withdraw at all. The so-called reserve, as to the two-thirds which may be held in properly designated reserve banks, is a reserve of such complete character that it is hopelessly useless to its owner. The country bank begs, beseeches, implores, threatens, but gets no currency, and when the stringency is over, its balance at its city reserve is of the same size as when the stringency commenced. No reserve will meet the purpose for which reserves are required. If the trouble is limited to an individual bank here or there the reserves are ample, and any solvent institution can promptly take care of itself, but when the disease is universal, and timidity has become the rule, no possible reserve can prevent the trouble. A moment's glance will show the impossibility of any reserve protecting deposits. In this country the total of deposits is thirteen billions of dollars. The total of currency either lawful money or of any other character is three billion of dollars. That is to say, the deposits are four times as large as the entire currency of the country.

It is, therefore, perfectly apparent that when all the public want all their money at the same time, the situation is impossible. In times of money stringency the portion of reserve consisting of balances with the reserve agents is useless and unavailable, and no invested assets however quick, help the situation. Call loans, demand assets, gilt-edged securities are useless. If one bank realizes on its assets, it only means that another bank is deprived of that amount of lawful money and the general situation must remain the same, so that in such times the only reserve is the lawful money in the bank or about 6% of its deposit liabilities. The balance of the reserve being balances in reserve banks merely aggravates the situation by the nervous efforts to realize on it, and forces the reserve city banks to suspend payment, thereby bringing the situation to a disastrous climax. In fact at the time of the trouble in 1907, the national banks of the United States held about 7 per cent, in lawful money and this included the 25 per cent in central reserve cities and 12½ per cent in reserve cities and 6 per cent in country banks. The reserve theory is good where the disturbance is confined to individual banks, but when the stringency is general the operation of bank balance reserve is only fuel for the spark already kindled. Banks refuse loans, customers go to the wall, and the tragedy becomes more acute.

In such conditions the reserve requirement is only beneficial in an unintended direction; viz, a restraint on credit expansion. In England and continental countries the banks, other than the central or state banks are under no legal requirements for reserve. That is left to the prudence of the managers, but in their case without danger because of their ability to re-discount bills at the central bank and increase their currency holdings at short notice.

It follows that reserves as now required are utterly futile to protect in time of stringency, and preservation must come from some other source. The lessons of '93 and 1907 have taught the country banks to expect little or nothing from the reserve banks in time of trouble. But worse than that these periods and others have instilled in the banking world a timidity, and each becomes the enemy of the other in the effort to fortify themselves against what they fear to be a coming storm, and the efforts of the banks in so doing multiply the causes already at work, until what was a moderate business stringency, may become an overwhelming power that causes practically an universal suspension. No assets however quick normally are of any avail. Money may be called by the "A" Bank and if received, is only at the sacrifice of the "B" Bank, where the debtor has made a new loan to pay the former. Securities may be cast upon the market, but in the absence of currency, they are sacrificed, and the minimum sum which they may realize is again taken from the neighbor bank. There can be no general relief without assistance from the outside. That is to say, there must be an increase of currency, either from within or without. There is no relief possible by law from within. Recourse must be had to gold, the universal currency, and that must come from without, and when all banks are fearful and the people fevered, it requires three fold the amount to restore confidence that would be necessary to perform the mere business necessities. These periods too frequently recurring have inspired uncertainty and lack of confidence in the masses as to banks.

This condition has not been improved by the government tendering to the people a guaranteed safety of deposit in postal savings banks, but rather accentuates the fact by the apparent assertion of the government, however untrue, that there should be a separate place of deposit for the people's money other than in the country's banks. From whatever cause these points of stringency arise, they do arise and continually recur, and we have no method of meeting them. The system that works admirably in fair weather, falls helpless at the first indication of storm.

The clearing house certificate, if universal, might stay the storm until the masses recover their sober second thought, but the clearing house certificate relieves but a very small portion of the country, and while the banks of the metropolis may tide over, the isolated country bank, a large portion of whose available assets are in metropolitan reserves, goes to the wall and closes its doors without regard to whether it be solvent or insolvent. The only remedy is the importation of gold. This will be done only when it is perfectly manifest that it will be profitable to do it, and when the strongest banking powers, for profit use their credit abroad for the necessary

supply, but this supply must be so meagre in amount and so long in coming that the relief is tardy and insufficient. If there could be some other method by which the first touch of stringency could be relieved, the disease would be arrested in its incipency and commerce would move on without a ripple, and the great masses of the public would never know there had been the slightest tension in commercial circles, or rather there would not be at any time even an incipient stringency.

From what source can such relief come? How can we have additional circulation of currency when we need it? It is impossible under the present situation. It is not impossible under the French system or the English system, or the German system. For a century and a third we have sacrificed our values, bankrupted our people, destroyed our great and growing energies because we did not have the wit or willingness to search out and apply this relief. We have been set back in our national progress by decades of years, by our stupid blindness to our own faults, and our unwillingness to find a remedy. Now at last the minds of bankers and people have come to the conclusion that there must be a remedy and a remedy will be applied, but no sooner do we get to this conclusion that a multitude of objectors and objections arise. In the evolution which characterizes all things in nature we have passed through the crucible and have come to the point of wisdom but the moment we attempt to apply some reasonable remedy, there is evoked from that characteristic quality which pervades sections and nations, as well as individuals, the domineering spirit of self, and each one gauges the new plan by its adaptation to himself. The "A" Bank inquires how it will affect me. The "B" Bank how will it affect me, and however clearly the general good would be benefited, there is either a real or an imaginary evil effect upon either "A" or "B," they promptly align themselves in a clamoring opposition.

This is the time for the abandonment of self and individual interests. The emergency is too great to permit political fancies to interfere. The necessity is so urgent and the precedents so destructive that individual interest should defer to the good of the many, and yet the only opposition to any plan or plans which would give the relief asked for does arise and will arise from bases purely selfish, whether political, sectional or individual.

It is generally conceded that the great needs of our system, the absence of which leads to periodic disaster, are:

First.—An elastic and safe currency issue, which would be available when and where needed.

Second.—An authoritative regulation of discount rates whereby gold reserves may be retained, and when occasion arises attracted from abroad.

Third.—A central currency supply and the avoidance of the depletion of bank balance reserves in reserve cities, by enabling the creditor bank to obtain currency by other methods.

A multitude of other features arise in any plan, but they are subsidiary. Let us first find a life boat and we may afterward discuss the discomfort of the temperature of the water, or the rudeness of the handling by the life guard.

This brings us to the consideration of the Ald-

rich plan. It has been objected that the plan is complex. This is not a fair criticism. The complexity of the plan only arises from the character of the machinery to install the system and the system is a series of central circles, all included in the greater. An understanding of the organization of a single association under the Aldrich plan will make plain and simple the entire plan. It is merely a matter of detail, and it is not worth while to devote any time in the discussion of it, save to say that it reaches the entire country as effectively as a central bank with innumerable branches. That it creates uniformity of conduct throughout the entire country; that it makes possible a perfect knowledge of credits throughout the entire country so that the general reserve association can with ease have knowledge of the credit standing of the most distant and modest merchant in the land; that it supplies the characteristic of fluidity, insuring sufficient and prompt distribution.

It insures the control of a system by men skilled in banking and free from bias or influence. The method of organization minimizes the possibility of political control and removes the system from that indefinite horror which demagogues and some others call "Wall Street." It fences the system about with protection from what are now called the "Interests." Politics, Wall Street and the Trusts will have no interest, influence or control. The proposers of this plan could have found no better method of satisfying the people of the entire absence of these feared influences than the method proposed for the organization of the system. Jealousy as to locality is eliminated. The system is a net work covering each locality in the land, and each is equal in influence and benefit to the other. The system is as potential in San Francisco as in New York, as effective in Chicago as in New Orleans. There should be no opposition on sectional grounds. The organization is representative from the individual bank unit to the cap-stone. The effect to influence or control, has a multitude of obstacles in its way, and the peculiar powers granted make its control of little use to such interests.

The character of organization transforms 7,000 independent and in some degree antagonistic banks, into a cohesive mutually supporting mass.

Therefore, all hostility or objection that there has been to the so-called central bank on the ground of political control, or Wall street control, or the control of the "Interests" should after reflection be set to one side as this plan.

Under the proposition set forth by Senator Aldrich, the following tentative suggestions are made:

First.—The stock of the reserve association shall be held by the national banks of the country.

Second.—The depositors shall be the Government of the United States and the national banks holding stock, and none others.

Third.—All domestic transactions of the association shall be confined to the Government and the subscribing banks.

Fourth.—The Government of the United States shall deposit its cash balance with the reserve association and all disbursements by the Government shall be made through the reserve association.

Fifth.—The reserve association shall pay no interest on deposits.

Sixth.—The reserve association may re-discount notes and bills of exchange.

Seventh.—The reserve association shall fix the rate of discount which shall be uniform throughout the United States and may be changed from time to time.

Eighth.—The reserve association may purchase acceptances under certain conditions and may invest in United States bonds and in short term obligations of the United States, or of any State, and certain foreign governments.

Ninth.—The reserve association shall have power at home and abroad to deal in gold coin or bullion and to contract for loans of gold coin or bullion.

Tenth.—The reserve association shall have power to purchase and deal in certain foreign exchange and to open and maintain banking accounts in foreign countries for the purpose of purchasing, selling and collecting foreign bills of exchange.

Eleventh.—The reserve association shall, upon request, transfer balances of accounts from one bank to another having an account with it.

Twelfth.—The reserve association shall have the power to issue its own notes which must be covered to the amount of at least one-third gold or other lawful money and the remaining portion by bonds or bankable commercial paper as set forth in the Act. The notes are to be received at par and in payment of taxes, dues to the United States, debts owing by the United States except such obligations of the Government as are payable in gold.

And finally, the reserve association shall without charge and at once forward its circulating notes to any depositing bank against its credit balance. It also contains a provision that for one year, the reserve association shall take over at par any and all bonds offered by national banks held by them for security for circulation, and the power to issue circulation therefrom when taken over by the reserve association, shall enter in the reserve association.

The present currency is made up of Treasury note commonly called greenbacks, national bank issue, gold certificates, silver certificates, gold coin and bullion.

The power as proposed would not change the amount of the Treasury notes nor of silver certificates. The national bank issues if they avail themselves of the opportunity to sell their bonds would remain the same in amount but would change becoming issues by the central reserve association.

The gold certificates and gold coin would remain the same. The reserve association, however, quite readily could obtain the gold certificates outstanding or the bulk of them. In exchange for these, the reserve association would thereby acquire in even numbers eight hundred millions of gold without loss of currency to the country. The additional eight hundred millions of gold coin and bullion not held by the Treasury could, if desired, from time to time be made to take the same course so that the reserve association might have in its possession and ownership the eight hundred millions now held by the Treasury in reserve for the gold certificates, and another eight hundred millions or sixteen hundred

millions of gold, which latter portion it would acquire from the banks and holders through the country.

None of these steps or features would reduce the present volume of circulation by one dollar. The provisions of the proposed Bill require that for all note issue 33 1-3 per cent. shall be covered by a gold reserve and the balance by United States bonds or bankable commercial paper. It will be readily seen that the eight hundred millions of gold taken over from the Treasury by the presentation at the Treasury of an equal amount of gold certificates, which gold certificates may be obtained in exchange for the note issue of the association, would enable the reserve association to issue currency in lieu of the gold certificates to the amount of two billions, four hundred million of dollars, provided that United States bonds or bankable paper represented the 66 per cent. of reserve. That is to say, there would be a reserve for every note issued by the reserve association of 100 per cent. One-third of which would be in gold and the other two-thirds in United States bonds and bankable paper.

Deducting eight hundred millions from this total possible issue of two billions four hundred millions and the plan would afford a possible extension of currency supply in emergency to the amount of one billion six hundred millions. The odd six hundred millions would to a reasonable certainty be more than ample to meet at any time, which can now be foreseen, any possible emergency demand. In fact a small portion of that amount would in all probability meet any emergency that may arise for half a century.

It is also plain that in the first issue on the strength of the gold obtained there would be a hundred per cent. of gold for every dollar of note issue and in following the experiences of other nations, it is probable that the ratio of gold reserve would never be less than 60 per cent. and probably much greater.

It is provided in the bill that these issues may be taxed as high as 6%, which would effectually procure their retirement and redemption at the earliest possible moment, at least that portion which should be for emergency purposes. In addition, the use of the power to change the discount rates will speedily chase excessive note issues to redemption.

The proposition makes no provision for reserve for deposits, at least none is found in the published statements. This is probably an omission and in any event there would be ample reserve assets in the hands of the reserve association to afford not only a formidable reserve for note issues but also for deposits.

With this facility for increasing and reducing the circulation as urgent necessity requires, it is plain that there would be no occasion for outside assistance, but that at any time we would have within our own borders the power sufficient to safely expand the currency so as to meet all possible conditions and with the further certainty that the emergency would no sooner show evidence of moderating than the issue would commence contracting. It would work automatically, but of necessity. Banks would be able and would by reason of the solidity of their organization preferably obtain additional currency from the reserve association rather than withdraw it

from their correspondents. In consequence the Central reserve and reserve cities would be freed from the pressure of their correspondent banks in time of emergency and would themselves be in comfort, as well as able by the same process to enlarge the amount of their currency during the time of need. There seems to be no question but what this method would form an elastic currency, expanding at the request of the Banks on their submitting to the reserve association bills of exchange acceptable under the law and contracting the moment that necessity yielded to considerations of profit.

It is readily conceivable that on sudden demand one hundred millions might be added to the currency within twenty-four hours and having served its purpose be redeemed within a week. The elasticity of the note issue cannot be questioned. As to the safety of this currency it is protected, first by not less than one-third of gold reserve. The balance by Government bonds or bankable paper taken over by the reserve association not at its par, but at a much reduced figure, further, by the capital of the reserve association and by the liability of every member of the association. It would be equally as well secured as present national bank note issues and, in fact, would have a wider element of security than exists in the national bank notes. It would have the same character of security as characterizes the French Bank note issue, the German Reichs Bank issues and the issues of the Bank of England. The system is old to them and ought not to be feared because it is new to us. We hold a greater quantity of gold than any civilized nation.

This bill, if it becomes a law will establish a new class of bankable paper in the United States, old in form in France and Germany and England. It is difficult to see any reason to doubt the entire safety of this currency. If it meets the two requirements of elasticity and safety, it meets the greatest need of our banking history.

Again, the power is given in the bill for the regulation of the rates of discount from time to time. This will protect the gold at home, and may induce it to come from abroad when needed, and besides will prescribe and compel a reasonable, uniform rediscount rate throughout the United States, and will be a strong impelling cause for its harmonizing of all rates. Certain conditions of local character growing out of remoteness, or questions of credit, or principles of political economy, dictate differences, but the trend of the whole system will be to the harmonizing of rates, an end devoutly to be wished.

Then the bill meets the second great need, that is universally conceded by all schools discussing this question. That is, the power of some central body or authority to control discount rates. And again as we said, the ready supply of additional currency will prevent the depletion of bank balances which has been a fruitful cause not only for disturbances, but for the disruption which follows the impossibility of meeting a too great demand.

As an incident to this plan the proposers of it for the greater safety of any circulation based in portion upon quick assets as distinguished from lawful money, have provided for the rediscount of bills of exchange, and also for use of bills of exchange as security and reserve, for the outstanding note issue.

The peculiar character of this class of assets is set forth in the proposed plan. It is manifestly an effort to introduce into this country a method for the creation of quick and high class assets. Bills of exchange of similar character are used for a similar purpose in France, Germany, England, and other countries. Temporarily this may be novel in degree to American business men and bankers, but it seems probable that it will appeal strongly to both classes. American merchants, manufacturers and sellers of goods have long been in the habit of making shipments to purchasers on time, 30—60—90— days or otherwise, and offering strong discount inducements for cash payments. If upon the shipment of goods sold the seller by agreement with the purchaser would receive a short time domestic bill of exchange or acceptance with two or three good names, and always for absolute values, the seller could forthwith at moderate rates, discount his bills of exchange so received to his own advantage and to the advantage of the bank with which he deals. Instead of having accounts receivable upon his books, the seller would have actual negotiable paper in his hand which would be readily accepted and the transaction of sale and purchase would be absolutely concluded and accounts receivable, which are of no immediate value to the seller and can not be negotiated except with difficulty, would disappear from his books of account. His bank would have a new class of quick and absolutely secure assets and these assets in turn, because of their high quality, would be promptly accepted by the reserve association, rediscounted when occasion required, or deposited by the bank as security for an advancement of currency.

These short time acceptances or domestic bills form a great feature in modern foreign banking. The education of American dealers in this phase of settlement of accounts would probably be quickly acquired and a sufficient volume always on hand to answer if needed in part for the sixty-six and two-thirds per cent. of security over and above the minimum gold reserve required for note issue.

Another feature of this innovation would be that it would establish a preferred class of assets for currency security, and would make remote or impossible the use of such purposes, of the notes with their collateral which find their place, for promotion purposes, in the surroundings of the nation's stock exchanges. This is to say, promotion schemes with notes and collaterals of questionable character would find no admittance to the inner chambers of the reserve association. In consequence, so-called Wall street could not use the reserve association and the reserve association would have no use for Wall Street. The creation of this class of assets modifies any possibility of the interference of Wall Street in the affairs of the association, for they would not use it if they could, and could not use it if they would. This two-thirds element of the reserve for currency in connection with the one-third gold reserve as a minimum, would create a reserve for note issues of as high a quality as that maintained by any Central Bank in Europe. It is true that the Bank of England is required to keep gold reserve dollar for dollar, but it is also true that \$90,000,000 of Bank of England notes representing the debt of England to the bank, of the great bank protected by gold reserve dollar for

dollar is the excess over and above \$90,000,000 of note issue.

It is also true that this is a weak point in the system of the English bank. In times of great emergency when there is extraordinary demand, or for any reason the note holders of the English bank become panicky, and it is desired to issue additional currency, it may be impossible to obtain the necessary gold reserve to issue additional currency sufficient to quiet the disturbed public, and the public, panic stricken by these apparent conditions may besiege the bank for gold payments in exchange for the Bank of England notes.

It can readily be seen that because of this deficiency in gold there might arise great danger, and possible ultimate suspension. Suspension has never occurred as the voluntary act of the Bank of England. It has been avoided by the interposition of Parliament, which by the passage of an act has on several different occasions suspended the Bank Act and authorized the bank to issue its notes without carrying an equivalent amount of gold in its issue department, or the bank, as recently, has been driven to borrow gold from France. This is an evasion and is in reality suspension, but when Parliament acts in this manner it is a notice to the people which restores them to a sober second thought. The danger soon passes by and the bank resumes its normal operations. But such a condition has never assailed the Bank of France, which is one of the best types of a similar system, but in France, as in other countries, the gold reserve is not extended to the entire amount of issue and the ratio of gold reserve required is the same ratio proposed in this plan; but in France the same additional assets consisting of short time bills of exchange are used as a complement to complete a full reserve for the entire note issue. It is altogether probable that like causes will produce like results, and the method which has withstood the extraordinary pressure as it has in France and Germany would in all probability effect the same results here, and the introduction and use by us of the better methods used in foreign countries would secure stability of credit conditions here, and while these commercial credits would answer a vital purpose as reserve incidentally, it would be the sign of a stronger, higher and better business system in the country. All such note issue would have absolute values behind them to the last cent in every dollar and in that respect would be an improvement upon what we now know as national bank currency and United States legal tender notes, which have behind them, however good, only the faith of the nation, and the silver certificates, which have fifty percentum of value and percentum of faith.

It seems, then, that there can be little or no objection taken to the safety of the note issues. There is no question about the elasticity of the note issue. There is no question that by this method our gold reserve and free gold can be protected. It is fair to presume that the system,

First—Would create an elastic currency which is the absolute and imperative need of the country.

Second—That it would create a safe currency, which is equally the imperative need of the country.

Third—It would establish and protect a solid gold reserve for that currency as to not less than one-

third of its amount, and probably in much greater proportion.

Fourth—That it would establish and provide a high class and a perfectly safe reserve for the sixty-six and two-thirds per cent. of the note reserve.

Fifth—It would stimulate the class of domestic bills of exchange based on actual commercial values, and treble strengthened by acceptances and incidentally benefit the trade methods of the country.

Sixth—It would supply currency where needed and when needed with sufficient promptness to immediately check incipient financial hysterics, that is, the system would ensure fluidity.

Seventh—It would facilitate exchange by charge and credit accounts of banks widely separated.

Eighth—It would take the treasury out of the banking business except in so far as the treasury has recently come into the banking business through the postal department.

Ninth—It would make a cohesive and mutually supporting power of the banks of the country, which now at the dawn of trouble stand like solitary sentinels without support, afraid of their customers, afraid of each other, and afraid of themselves.

Tenth—It would inspire confidence in bankers and people, and confidence makes the panic of distrust impossible.

Eleventh—It would neutralize the germ of distrust before it was conscious of existence or could be discovered by microscopic examination.

There are a great many questions which may arise, details which must be worked out, antagonisms which must be modified. These will be cared for in due time. There are apparent oversights in the proposition as it has reached the public through the press. For instance, there is no provision in the printed plans for reserve against the deposits of the reserve association. There is ample material within the reach of the association for reserve against deposits as well as against note issues, and this doubtless is an oversight. This, however, may be an imitation of certain foreign banks which are not required to keep a reserve for deposits, although in effect such reserve is always present. There may be some uncertainty as to the feature of reserves held by members of the association. The press reports are silent as to this, but there can be but one conclusion. The name indicates the character of the plan. The centralization of reserves is the strength of the association.

The capital of the association, supplemented by the cash balances of the Government and the reserve balances of its membership form the money power of the new system, a formidable power, and ample for the execution of the duties imposed upon it by statute and public expectation. Non-members must find reserve agents as now, and State institutions must do likewise. How the non-interest paying provision will affect the susceptibility of the system is uncertain. This feature as to the country bank, and the shifting of balances from reserve banks present two phases where real or imaginary self interest may cause strong opposition. Yet such interest is of insignificant importance compared with the advantage to be obtained.

Again, there must be legislation making the new notes available for reserve as to national bank non-

members, because of the withdrawal from circulation of gold certificates, etc.

A more serious feature appears which has unquestionably received the attention of the proponents of this plan, but which they have passed over without suggesting relief. Of the thirteen billions of deposits in this country, four billions, approximately only, are held by national banks, and twice that amount, or eight billions, are deposits held by State institutions. No plan will ever be enacted by Congress of one-sided character. The holders of one-third of the deposits, and the institutions which control the two-thirds of the deposits must have similar means for the preservation of their deposits against panic conditions that the one-third have, otherwise it is plain that the plan will be futile, useless and impracticable.

The suggestion that there should be the authority for the creation of national trust companies, national savings banks and national agencies of all characters to take over the vast business now done by State institutions, may be impossible of enactment. Trust companies, for instance, exist by reason of authority given by the various States to carry out the necessities of such States in the execution of many classes of trusts. The great bulk of these trusts arise from the domestic relations, the administration of estates, the custody of the funds of minors, the safeguarding the decrees of the courts, and are committed by State laws to individuals or corporations solely amenable to State authority, and it is beyond the power of understanding how the arm of the nation could reach into the intimate relations of State and county affairs for the performance of duties enjoined and services required under State sanction solely. A project of this kind might be considered the climax of aggression by Federal upon State power and privilege. The one good feature of the proposed plan is its large avoidance of the thought of Federal interference in State affairs. Inasmuch as the reserve association is not a branch of the Federal power, but only a corporation existing by authority of, but not a portion of, the Federal administrative power, there is no reason why this corporation should not extend its protective benefits in some degree to the vast number of State institutions as such. It would add to its strength and promote its safety by placing two-thirds of the deposited wealth of the country in a position where it would not be subjected, as now, to the panicky conditions which have been periodic.

The attempt to convert all State institutions, or to supplant them by Federal corporations, is inconsistent with the purpose of the plan. The attempt will create an opposition of such vigorous character as to endanger the entire scheme. There seems to be no good reason why, under restrictions, State institutions should not be members of the association and participate in the benefits accorded. State institutions have capital of \$900,000,000, or in excess of national banks. Their membership would complete the unification and efficiency of the system. With their antagonism neither the Aldrich Bill nor any other excellent bill will have a chance of enactment. Liberality must commence at home with the proposers of this measure, otherwise they cannot hope for its passage. It is astonishing that a plan promising such great good should be jeopardized in its cradle by the indifference of its nurses.

INSTITUTE CHAPTERGRAMS

BALTIMORE.

By Adrian J. Grape.

Baltimore Chapter for awhile put aside the thought of study, and all eyes and minds were focused on a very important night in the year, March 11, the night of the Chapter's annual banquet. To say it was a success would be but expressing it mildly, for it surpassed all possible expectations. At 6:30 o'clock our guests began to arrive, and after a reception lasting an hour or so, at which many new acquaintances were made and old ones renewed, the many gentlemen present, numbering in all about 300, adjourned to their places at the festive board. Robert S. Mooney, the President of Baltimore Chapter, made the opening address of the evening, telling of the origin and growth of the organization, and took occasion to thank the many gentlemen of the financial institutions for their pecuniary assistance to the Chapter, and for their hearty support and encouragement in all its undertakings. Mr. Mooney then introduced the toastmaster of the evening—although all of us felt as if we were well acquainted with him—Mr. Charles J. Bonaparte, former Attorney-General of the United States, and member of ex-President Roosevelt's Cabinet.

Mr. Bonaparte took charge of the program of the evening, which included Vice-President Sherman, Secretary Nagel of the Department of Commerce and Labor, Congressman Dawson of Iowa, Governor Crothers, and the Mayor of Baltimore, J. Barry Mahool.

The first speaker of the evening, Hon. James P. Sherman, Vice-President of the United States, was greeted with the wildest applause and with the band playing the "Star Spangled Banner" and everyone singing this patriotic melody to the top of his voice. The Vice-President is a most entertaining talker, and his topic, "Questions of the Day," afforded him the opportunity to tell us something of many things that were of interest to all. The present trouble of our government in handling the Mexican situation brings to mind Mr. Sherman's remarks that we are not parading around to knock a chip off of some stranger's shoulder, but we should do all we can to advance the international peace of the world, and truly, this should be our government's mission at all times.

Our next speaker, Secretary of Commerce and Labor Nagel, spoke on "Commerce—A National Problem," and in a very forceful manner told us that the battle for commercial supremacy has been fought for many years. The great carriers have been brought in control of national authority. State corporations have been brought into United States

courts. The government has made sufficient laws to penalize corporations, but it has failed to protect corporations when those concerns are doing the right thing. Why this postponement of the doing of proper justice to corporations? Every business man in the United States must realize sooner or later that there must be a shift of some kind soon. Why postpone the day?

Who is to develop our foreign commerce? A New Jersey corporation? If it succeeds in any way, every State has the liberty to knock the pins from under it. Present conditions do not stimulate business. To many restrictions and regulations are the fault of stunting our progress. Foreign countries have national boards of trade. We have not. We have thousands of local and State boards of trade, but these fail to accomplish any effective results. The foreign business men and governments support their ship subsidies. You must meet the foreigners upon their own ground.

You will never inspire the confidence of foreign business men until you show them that you have come to stay. You cannot flatter people into business. We must have confidence in our own business as well as in foreign business. Commerce gets the rewards in the business it creates. It is the exchange between people. Of course, there must be some sentiment. Commerce is the pioneer of civilization. To secure this commerce properly and effectively an American flag should fly from the deck of every American vessel which carries American goods into foreign ports."

Congressman Dawson's remarks were on "Currency Reform," and said in part: "I believe that the greatest need of the nation to-day is the creation of a monetary system that will measure up to the demands of modern business and which will automatically adjust itself to the needs of trade and commerce in its seasons of variation. The present system is archaic, and with the tremendous advance in business since its creation we have completely outgrown it. Uncle Sam, in his present monetary clothes, resembles a sixteen-year-old boy in knickerbockers. We plume ourselves on being a progressive people, and yet we tolerate a monetary system that fails completely when any unusual demand is made upon it. It is not enough that it should work well under favorable conditions. Would anyone patronize a transatlantic liner that could make the trip only in fair weather, but would be certain to go to the bottom if a storm arose?

"In its operation the present monetary system has resulted in tremendous losses to all classes of people throughout the country, through failure to perform its natural functions in times of financial

storm. The disturbance of 1907, which was wholly financial rather than industrial, entailed a loss of untold millions to our people. When business is halted, commerce retarded and production curtailed, with the consequent reduction in employment and wages, the loss falls with far greater severity upon the poor than upon the rich. The panic of 1907, which never would have occurred at all if our monetary system had been equal to the test, must emphasize the fact that the reform of our system is a question as practical and vital to the wage-earner and the producer as it is to the banker. We do not need a greater volume of currency, for the per capita circulation in the United States is now greater than any country in the world except France. We do not need a better currency, for every dollar of our money is as good as gold. But to-day our vastly multiplied business and trade is not carried on with money, but by means of bank credit. Nearly 95 per cent. of the business of the country is done with checks and drafts, and the need of the hour is to modernize the machinery of banking and currency so that the present sound and economical methods of doing the business of the country shall not break down in times of financial stress.

"Fortunately for a proper solution of this great question, the problem is being approached in a reasonable and business-like fashion, entirely free from the bickerings of partisan politics. The National Monetary Commission is doing a great work in clearing the atmosphere in gathering useful information and starting public discussion. We have failed in the past because of widely divergent opinions among bankers, financiers and legislators. But we are rapidly approaching the time when there is substantial agreement as to the defects in our present system, and when we have accurately diagnosed the case it ought not to be very difficult to prescribe the remedy.

"Slowly, but surely, public sentiment is crystallizing in favor of a system embracing these features: That elasticity to the currency which will respond to the varying needs of business at different seasons of the year and as carefully safeguarded against inflation as against stringency. The unification of bank reserves," so that they can be concentrated and made available wherever most needed in times of trouble. The association of banks into a national system, rather than one of scattered units, to obtain unity and co-operation, but which must be absolutely secure against political domination or the control of concentrated wealth."

Not the least enjoyable part of the evening was the singing of the choruses from popular songs. The committee had it so arranged that a card with these various selections on it was at each man's plate, so that when the band played there was nothing else to do but join in and make some noise too.

It is impossible to state how much enthusiasm this banquet has aroused, but there is still much friendly comment going the rounds concerning it, and we'll risk criticism and say that it was the most enjoyable and successful banquet that Baltimore Chapter has ever held.

We wish to note, with much pleasure, that Henry B. Reinhardt has been appointed Cashier of the State Bank of Maryland, a new institution just starting

business in Baltimore. Mr. Reinhardt has long been interested in Chapter matters, and until very recently was a member of our Board of Governors.

BOSTON.

By Herbert E. Stone.

Our educational course is now a matter of history and the reports of the Williston Lectures are in the hands of our printing committee for binding. Upon their return we shall find an ever ready banking law reference guide, something we shall be very fortunate to possess.

We hope now to have a little diversion in the way of having a debate, an adding machine contest, and then a dinner at which we shall talk all these good times over.

One of the good times has gone by with the month of March. On the 29th we had a ladies' night and had a very interesting lecture on "Abraham Lincoln." It was worth going a long way to hear.

Our annual meeting is but a few weeks away and we shall soon have a new administration and begin to make plans for the Rochester Convention. And, by the way, our Executive Committee has endorsed as a candidate for the Executive Council Charles H. Marston, the present Secretary of the Institute.

We hope to have enough delegates and members to occupy a special car, and anticipate a good time generally in the Kodak Convention City.

CHATTANOOGA.

By T. R. Durham.

It was a jolly good crowd that sat around the banquet board at the Read House a few weeks ago to partake of something real to eat, given by the officers of the Chattanooga Savings Bank to its directors and employees. The occasion of the increase of capital stock brought about an increase in the Board of Directors, interesting a number of Chattanooga's live business men in that institution, and one purpose of the banquet was to get everybody connected with the bank acquainted with each other. Attractive menu cards, beginning with

"When appetite and food are given,
The two together make a heaven;
But leave out one, and strange to tell,
The other by itself is h—l,"

followed by a course served in Southern style of things really good to eat, and closing with

"They never taste who always drink,
They always talk who never think."

The evening was pleasantly passed with get-together talks and good songs. Such an occasion has been an innovation in Chattanooga, but it proved to be such a success that at least this bank, and probably many of the others will take it up and make it an annual affair.

Fifteen or twenty of the Chapter men recently took the examinations in the course of Banking and Finance. While they found it rather hard to take an examination—most of them having been out of school for a long time—we are pretty confident that they will get through all right. They are now waiting in some

suspense for a report from headquarters. The course here has proven quite a success in every way. Everyone attending the lectures did not take the examinations, but the lectures were thoroughly enjoyed and were very instructive.

The banks of Chattanooga at present have the best showing of any time in their history. The deposits are larger and cash reserves are higher, and the general business outlook is better than for many years past in Chattanooga.

CHICAGO.

By Joseph J. Schroeder.

To every man in the banking business, or other, in a sense, unproductive line, the feeling sometimes comes that he is on the wrong side of the fence, that he is one of a too vast army of consumers, an army which the census regularly shows us is constantly increasing at the expense of the producing or agricultural army, and the thought strikes home that this immense disproportion of numbers will some time react on the source of supply and famine will suddenly brand him a parasite and unfit. To such a man the lecture of Professor Goode on "The Age of Steel" answers a thousand doubts and fears. Professor Goode opened this lecture with a pictured series of contrasts between the old methods of production and the new. He showed how with the aid of steel the inventive genius of man has increased his effectiveness a thousand, a million, an incalculable number of times. The spectacle of a series of monster steam plows turning the land by sections instead of acres shows us why the day has passed when half the world had to till the soil. The contrast between our transportation by land and water, and wooden wagon and sailboat of the past answers the question of seeming overbalance between city and country; the sight of huge derricks loading and unloading great steel ships in a matter of minutes tells us why industry can spare so many of its tollers to the ranks of the clerk, the worker with brain instead of muscle. And back of all these boundless achievements stands in one word the power that has made them possible, Capital, without which these great conceptions could never have been developed. It adds a dignity and honor to the position of bank clerk that many of us have never appreciated. This was the great message of "The Age of Steel." Professor Goode also gave us clear and interesting accounts of the development of the steel industry, the sources and extent of the supply, and the methods of producing it. The Chapter learns with regret that this will be the final lecture of Professor Goode, for a time at least, as he leaves immediately for the Philippine Islands to deliver his lectures there at the request of the Government. His work for the Chicago Chapter cannot be over-estimated, and he bears with him the best wishes of a successful mission.

The "Commercial and Banking Law" class under Mr. Ennis has finished its work for the year, and the passing of the entire class, together with their good grades, testifies to the interest and ability of the students and the quality of the teacher. The class in "Banking and Finance" was to have started immediately, but had to be postponed for two weeks on ac-

count of the illness of Professor Howard. However, a short vacation does not come amiss, and will probably improve the ultimate results.

The Debate Society lacks only one qualification of a banner year, and that is attendance. At all times a few more men would have been welcome, and it is regretted that timidity and bashfulness should keep so many away from such a pleasant and beneficial practice. However, whatever was lacking in attendance was made up in good spirits. A program of travelogues by members filled up a pleasant and interesting evening on March 7. The meeting of March 21 was featured by a talk by Mr. Hazlewood on the method of preparing a debate. His talk was pithy, to the point, and complete, an excellent model of a well prepared debate. The remainder of the program consisted of "hat talks," each member picking a subject at random from among a collection in a hat. The talks for some reason were uniformly poor until the last speaker drew the subject, "What Is Socialism?" His speech precipitated a debate that lasted till nearly every member had been on his feet two or three times. It was the best little riot the society has had in some time, and the spectacle of two or more men actually clamoring for the floor at one time is almost unprecedented. Meanwhile the debate, "Resolved, That United States Senators should be elected by the people," is near at hand, and a keen contest is expected. It is hoped that the debate will uncover a team to try the mettle of Milwaukee Chapter, for a debate with whom negotiations are practically settled. St. Paul has sent in a belated acceptance of our challenge of last fall, but it is believed to be too late for two debates this spring, though we would like to get them or some other Chapter for debates next winter.

DENVER.

By W. Campbell Garver.

Denver banks and all Colorado mourn the death of David H. Moffat, the late President of the First National Bank of this city. Mr. Moffat was a builder, a booster, a farseeing man, and a financier of unusual ability. His loss is keenly felt, not only in banking circles, but by many great enterprises with which he was actively connected. As a railroad builder he has accomplished more for Colorado than any other one man. Mr. Moffat came to Denver in the early days, when the Indians were still to be routed, and he has seen every stage of its development, being the principal factor in many instances. The Queen City of the plains and Colorado can not hold in too high esteem this hero who has been called so suddenly from our midst. Mr. Moffat has been connected with the First National Bank since its conception and has been its President since 1880. Mr. Moffat's desire to do, accompanied by the power to accomplish, worked a transformation so great in Denver and Colorado that we sincerely hope someone will step into Mr. Moffat's place and carry on to completion the tasks he has so nobly begun.

We are glad to note that O. R. Jones has been elected Cashier of the Denver Stock Yards Bank.

At the March meeting the Chapter was addressed by W. T. Ravenscroft, President of the Federal State and Savings Bank, on "The Work of the Savings

Bank Section of the American Bankers Association." The address was very instructive, especially so owing to the fact that Mr. Ravenscroft is a member of the Executive Committee of the Savings Bank Section of the American Bankers Association.

HELENA.

By H. C. Schuyler.

A very interesting and instructive meeting was held on Tuesday, March 7, by the Chapter, when P. B. Bartley, Cashier of the Conrad Trust & Savings Bank, favored us with a talk on the "Benefits of the American Institute of Banking," after which several members read papers on banking subjects.

On the 14th another enthusiastic and well attended meeting was held, at which George L. Ramsey, President of the Union Bank & Trust Company, gave a talk on "Knowledge of Values and Initiative as Requisites of a Successful Bank Clerk." Mr. Davidson then gave a good paper on "Duties of a Notary Public," followed by an interesting discussion by Mr. Sizoo on "Foreign Exchange," illustrated on the blackboard.

For the purpose of getting in more work and better results, the Chapter has decided to hold meetings each week, on alternate weeks taking up the study of various papers of the course.

LOUISVILLE.

By William J. Receveur.

At our regular meeting on Thursday, March 2, we had an exceedingly good lecture on "Transit and Collections" by Mr. H. D. Ormsby, Cashier National Bank of Kentucky.

On March 9, 1911, our lecture was delivered on "Savings Banks" in a very able manner by Mr. A. Y. Ford, of the Columbia Trust Company.

On March 16 we had the most interesting meeting of the year, being a debate, subject, "Resolved, that the Aldridge Recommendation to the Monetary System is for the Best Business Interest of the United States." The affirmative side was taken by Clinton Davidson and Harry Young, while William J. Warren and Charles A. Rodman represented the negative side. The arguments advanced by both sides were very convincing and showed that considerable thought and time had been given to the question. The judges were Major J. H. Leathers, President of the Louisville National Banking Company; H. C. Walbeck, President German Insurance Bank, and Earl S. Gwin, President Second National Bank, New Albany. The judges decided in favor of the affirmative.

Our Secretary, A. M. Young, of the American National Bank, and Edmund Merriweather, of the Citizens' National Bank, have accepted responsible positions with the Fidelity Trust Company. We extend to these members our good wishes, and hope they will be successful in their future efforts.

MACON.

By Bayard Roberts.

Though not having much to say about it, the boys of our Chapter have been putting in some good work since the first of the year.

Our Chapter has been very fortunate in securing for its instructor Bryan E. Davis, one of Macon's brightest young lawyers, having been born and raised here. His father also ranked among the best lawyers of this State before his death several years ago.

The attendance of our weekly meeting is increasing every week, and we have added several new members to our list recently.

The lectures delivered by Mr. Davis have proved very interesting as well as instructive to all present, having been almost original.

M. K. Brooks, who was our First Vice-President, has been elected Assistant Cashier of the Fourth National Bank.

R. C. Dunlap, who has been very active in Chapter work, has been elected Assistant Cashier of the Fourth National Bank also.

R. C. Souder, one of our charter members, and also a good worker in our Chapter, has been elected Assistant Cashier of the Commercial National Bank.

May our Chapter continue its progress to make, and from it the banks their officials partake.

MILWAUKEE.

By Louis Petran.

An inter-city debate between Detroit and Milwaukee chapters was held in Milwaukee on Saturday, February 11, in which Milwaukee came out with colors flying. The question considered was, "Resolved, that National Banks be allowed to issue notes against their general assets." Milwaukee, taking the affirmative, was represented by Gerhard G. Fischer, Milwaukee National Bank; Daniel T. Leisk, Milwaukee National Bank, and Frank E. Bachhuber, Marshall & Ilsley Bank. Detroit, the negative, was represented by Frederick Blodgett, Dime Savings Bank; John C. Shaw, Security Trust Company, and Irving H. Baker, First National Bank. The judges were Hon. W. J. Turner, Circuit Judge of Milwaukee County; William George Bruce, Secretary of the Merchants & Manufacturers' Association, and John H. Moss, President of the Rockwell Manufacturing Company. William M. Post, Cashier of the National Exchange Bank, acted as chairman. The contest, which was spirited, was exceptionally interesting, being the first debate ever held in Milwaukee under the auspices of the Western Debating Conference.

Our bowling league has concluded its season with the First National Bank as the premier winners of the cup that was donated by Alsted, Kasten & Co., Jewelers. There were also individual prizes for the highest scores of each team, besides one for the highest in the league and one for the three highest games. Excitement ran high throughout the season and it was with the keenest regret to many that the league had concluded its bowling.

NASHVILLE.

By F. M. Mayfield.

Nashville Chapter held its regular meeting Tuesday night, March 14. The first number on the program was a reading by H. Donaldson, "Her First Appearance." As an encore he gave John Trotwood Moore's "Uncle Wash." Both of these numbers were

very much enjoyed. The second number on the program was a paper on "Credit" by Mr. Frank K. Houston, of the First National Bank.

There was also the report of the Treasurer, and the President announced the following committees: Program, Benedict, Byrn and Williamson; Banquet, Broaderick (chairman), V. J. Alexander, Dillard; Athletic, Wilkerson.

NEW YORK.

By George Edwards.

The course of ten lectures on bills and notes by Professor Leslie J. Tompkins, of New York University, came to a successful close on March 8th, when over one hundred of the aspirants for the Institute Certificate put on paper what they thought they knew about this intricate subject. The professor admits that he gave the boys a pretty "stiff" examination, and the aforesaid one hundred are daily sending shafts of malicious animal magnetism (absent treatment) professorward, hoping by fair means or foul to induce him to be lenient in marking, remembering that they are merely poor bank clerks and not good lawyers.

The principal attraction on the 16th was an address by John J. Pulleyn, Comptroller of the Emigrant Industrial Savings Bank, on the subject of "Mortgage Loans," a topic of wide interest and yet infrequently treated. Mr. Pulleyn is a recognized expert in this line, as his admirable address demonstrated. He outlined the methods of appraising real property and the relation of realty values to the growth of cities and changes in the character of neighborhoods. His statement that there were cases where the income derived from the roof of a well-located building for advertising purposes often amounted to more than the total rental of the whole building was one of decided interest to all. He reviewed the Fourth avenue development, different types of buildings and their cost to build and operate; "knocked" suburban real estate speculation, and left the impression that the real estate man is made and not born.

Following Mr. Pulleyn came the great adding machine contest, which, like all events of New York chapter this last year, was conducted on a high plane of excellence, and the committee is to be congratulated for the care and attention given to the minute details of an event of this character.

It is no small task to secure contestants, give them the proper assignments, and have proper records made of their time, which must be done with considerable accuracy, as will be seen from the fact that in one instance the contestants were both accurate in their work and completed the list of checks in exactly the same time.

Enthusiasm ran high while the contest was on, and fifteen adding machines operated by fifteen men, with coats off, and "sweating blood," is an inspiring sight, and was witnessed by a large crowd of enthusiasts who stayed until nearly midnight to know how the game went.

It was interesting to watch the little strip of tape slowly descend to the floor, for when it touched terra firma it was an indication that the operator was about through. With several tapes at about the

same length, it was merely a matter of seconds and accuracy as to who would be the winner.

The Burroughs Adding Machine Company had three men on the job, and with the committee very much in evidence, and thirty timekeepers with all sorts of clocks and watches in hand, it was as exciting an occasion as a hose race at a firemen's convention. It was well worth the effort which it cost and should be repeated every year for its stimulating effect.

The prizes for which the aforesaid blood was spilled consisted of \$35 in gold, donated by the Burroughs Company, and three prizes furnished by the chapter. One fellow carried off first prize in each instance, and certainly got good pay for his work and was the hero of the occasion. As he went out, one of his "rooters" carried his coat; another his hat; another the fountain pen, and another the box containing the gold piece, which rumor says he "trusted" for the time being, lest, in the enthusiasm of his success, he should take the crowd to the new Rector's, where a \$20 gold piece goes about as far as a quarter at the opera. Altogether it was a gala night, and the winners and their time are given herewith:

CHAPTER PRIZES—(200 checks)—First, George R. Becker, National Park Bank; L. E. Waterman's fountain pen; listing 200 checks—time, 3 minutes 18 seconds. Second, J. H. Evans, Market & Fulton National Bank, gentleman's umbrella. Time, 3 minutes, 43½ seconds. Third, J. B. Birmingham, Citizens Central National Bank, gentleman's wallet. Time, 4 minutes.

BURROUGHS PRIZES (250 checks)—First, \$20 in gold, George R. Becker; time, 4 minutes 3 seconds. Second, \$10 in gold, R. G. Adams, National Bank of Commerce; time, 4 minutes 19 seconds. Third, \$5 in gold, divided between J. B. Birmingham, Citizens Central National Bank, and William Housner, Jr., Chemical National Bank; time 4 minutes 35 seconds.

The plans for a permanent home for New York chapter are well matured. They contemplate the leasing of a room in a modern office building, large enough to seat at least two hundred men, with an office and library adjoining. Substantial assistance has been assured the chapter for such an enlarged work, provided a program of education can be arranged that will make the venture worth while. We have demonstrated this year that we can not only undertake large things but also carry them out, and when the work gets to the point where it not only needs better accommodations but demands them at the peril of retrenchment, as it now has, the raising of funds is not a difficult matter. The whole question hinges on the use to be made of such an outfit, and at the cost of no little effort and thought, a scheme of educational lectures and classes has been arranged which will appeal to every man in the bank and so distributed that all may take advantage of some of them. It is now planned to run lectures at least four and possibly five nights a week. The work is to be under the direction of an enlarged educational committee, subdivided into sections, acting in an advisory capacity, with a paid secretary who shall give the work the time that it needs to properly carry it on. It is a big undertaking, but New York is a place of large things, and this is none too great a work for the biggest chapter in the country to undertake. The educational scheme is as follows:

PRACTICAL BANKING.—A course of thirty lectures covering every department of banking, and intended primarily for the junior men. Beginning with

a talk on banking as a profession, it is intended to work up through the various departments, such as the messenger, the bookkeeper, check clerk, receiving and paying teller, collection department, loans and discounts, auditing, foreign exchange, correspondence, supplies, junior and senior officers, etc. This will probably interest all classes, and the idea now in mind is to use our own men as lecturers, using forms and illustrations in practical use:

1. Banking as a profession. Applying for position. Conduct of bank men, habits, associations, responsibilities of banking positions, etc. The messenger and his work. Presentation of notes and some of the elementary principles of banking law in regard to the same.
2. The bookkeeper. Accounts of customers. Fundamental laws of bank checks. How to run a ledger.
3. The depositor's pass book. Errors in balancing and the liability of making the same. Instances of trouble and loss to the bank by careless work of such nature, etc. The statement system. Return of vouchers, etc.
4. The receiving teller. Courtesy. Care in entering deposits. Proof of cash. The check rack. Sorting money, etc.
5. Paying teller. Signatures and how to verify. Identification and the various means of obtaining it. Stop payments. Pay rolls. Money supplies. Certification in law and in practice.
6. Collection departments. Record of discounts, drafts, collections, cash items. Collection items, out of town collections. Protest and what it means and how it operates in law.
7. Loans. Care of collateral. Interest computations. Proof of income, etc.
8. The mail department. Receiving and distributing mail. Letters, their value and care in filing. Filing systems for bank records.
9. The auditor. Checks on the various departments. Methods of safeguarding the bank against theft, etc.
10. Foreign exchange. Letters of credit, foreign drafts, remittances abroad and gold shipments. (Elementary.)
11. Supplies of stationery. How ordered and distributed. Checks on waste of same. Advertising. Employment of help. Payment of wages.
12. The officers. (a) Assistant cashier. (b) Cashier. Opening accounts. Securing new business. Complaints, discipline, reports, examinations, etc. (c) Vice-presidents. (d) President. (e) Directors.
13. The Clearing House and methods of clearing checks.

ENGLISH AND CORRESPONDENCE.—A course of thirty lectures covering grammar, composition and business correspondence. Class in public speaking.

BANKING LAW (Thursday nights).—Two courses: (a) Ten lectures on bills and notes and the Negotiable Instruments Law, by Professor Tompkins. (b) Fifteen lectures on stocks and bonds, pledges, contracts, corporation law, copartnership, conflict of banking law, National Banking Act and State Banking Law. (c) Five open nights.

SAVINGS BANKS AND TRUST COMPANIES.—A course of fifteen lectures on subjects of interest to savings banks and trust companies, combining some meetings and segregating others.

SAVINGS BANK LAW.—(a) A study of the Statute Law of New York and the leading cases affecting savings bank management and practice. (b) The nature and functions of savings banks. The peculiar relationship of such banks to depositors. (c) The law of real property. (d) Mortgage loans. What constitutes a mortgage; the rights of the parties; foreclosure and what it means. (e) The law of Surrogate's Practice. Executorship; administration of estates; wills.

Savings Bank and Trust Company Practice.—(a) Methods of safeguarding the assets of the institution. Protection of the liabilities; verification of pass books. (b) The dividend—how estimated, declared, computed. Proof of income. (c) How bond values are figured; use of bond tables; amortization of bonds.

Investments.—(a) Railroad bonds. How to determine the desirability of such investments. Railroad reports, etc. (b) Municipal bonds. The under-

lying principles of their issue. How values of such offerings are determined. (c) Various classes of bonds and stocks. The work of Wall street.

Trust Companies.—Where the two institutions can be covered in one meeting as above outlined, do so. Special trust company meetings on: Trusts. (a) Corporate and private. (b) Trusteeship under bond issues. Certification of bond issues. Registration and transfer of stock. Underwriting. (c) The nature and functions of trust companies; their place in the financial work of the country. The State law affecting them.

FINANCE AND THE CHAPTER FORUM (for bank officers and senior members).—(a) Eleven lectures on credit, covering the field of credit generally, methods of securing data, compiling the same, analysis of statements and reports, both corporate and private. (b) The chapter forum, for the presentation of current financial topics, with discussion. Intended to cover such topics as the Aldrich plan for monetary reform, banking systems of the world, the resources of nations, their foreign policies, trade and trade movements, etc.

The last of the special savings bank meetings for the year was held on the 28th of March. George E. Allen, educational director of the institute, presided. Robert R. Reed, of the well-known firm of Caldwell, Masslich & Reed, whose specialty is passing upon the legality of bond issues, spoke on the legal side of municipal bonds, and Lucius Teter, president of the Chicago Savings Bank and Trust Company, and chairman of the Committee on Savings Bank Laws of the Savings Bank Section of the American Bankers Association, spoke on "Some Considerations of the American Savings Bank Conditions." A symposium on "How Can We Improve the Work of Our Savings Bank?" participated in by four of the chapter men with vigorous discussion from the floor, proved of no little interest and value to the large number of savings bank men present. Prior to the meeting, a subscription dinner was tendered Mr. Teter at the Hotel Chelsea.

Walter M. Van Duesen, formerly assistant cashier of the National Newark Banking Company, has been made cashier of that institution, to succeed the late Henry W. Tunis. C. G. Hemingway has been made assistant cashier to succeed Mr. Van Duesen.

J. T. Monahan has been made manager of the New York agency of the National Bank of Cuba, with offices at No. 1 Wall street. Mr. Monahan was a member of Havana chapter and manager of the Monte street, Havana branch, of the National Bank of Cuba.

C. B. Wilkes has been made manager of the Manhattanville branch of the New York City Bank, succeeding George F. Kennedy, who has become vice-president of the Century Bank.

Secretary Kniffin, of New York chapter, has become secretary of the Savings Bank Section of the American Bankers Association.

OAKLAND.

By Lester H. Heacock.

Oakland Chapter presented its first minstrel show before large audiences on the evenings of February 24 and 25. Both performances were well attended and the various numbers elicited much favorable comment.

The Chapter's thanks are due to the members who took part and to the many outside friends who volunteered their services and devoted their time and talent to the affair.

Messrs. Killam and Dunsmoor, who had charge of the matter for the Chapter, were tireless in their efforts, working before, during and after "banking hours" for several weeks on the infinite details necessary for success.

The financial return was less than we had hoped, but still is a good nucleus for a furnishing fund, to which purpose it is devoted.

Professor H. Morse Stephens, of the University of California, is to give the next lecture before our Chapter. He will speak April 4 on "Historic Banks," and an interesting and instructive evening is assured.

OMAHA.

By Martin E. Larsen.

Some weeks ago our Secretary, Mr. Sherman, was quarantined by the city Board of Health at the Y. M. C. A. Building because a friend was found to be suffering with smallpox. We are glad to learn of their freedom once more, for now we are sure of another faithful member to be on hand when the chairman is ready to open the meeting for business.

The last three and four Chapter meetings have been most profitable to us, due to the efficient services of Professor W. M. Davidson, Superintendent of the public schools, and Professor E. U. Graff, principal of the Omaha High School. Our members feel very grateful toward these gentlemen for the kindly interest they have taken in this work.

OSHKOSH.

By Hans Tobasco.

The lake on which Oshkosh rests is overfrozen.

PHILADELPHIA.

By David Craig.

The principal feature of Chapter activities during March centered around the annual banquet, which was held at Hotel Walton, Saturday, March 18. A larger attendance than at any previous function assembled at this celebration, and the general expressions of approval indicated that this occasion is each year gaining more and more prestige in financial circles here. Among our guests we were pleased to number quite a few of our fellow Institute members from adjacent chapters and a fair list of bank officers and directors. The diners numbered in all about four hundred. William S. Evans, Chapter President, spoke interestingly of the Institute purposes and the progress of Philadelphia Chapter during the past year, and in a fitting and well worded introduction presented the toastmaster of the evening, William A. Law, Vice-President of the First National Bank, to the banqueters. Mr. Law commended the Chapter on its activities. As President of the Pennsylvania Bankers Association he welcomed the Chapter as a member of the State organization and expressed the hope that the members would attend the State Convention and assist them in their discussions and association work. A subject of particular interest to Chapter members mentioned by Mr. Law was the question of permanent quarters for our organization. He said he would use his influence with any institution with which he was

connected to aid in the establishment of a permanent home for the Chapter.

The next speaker was Judge Charles F. Moore, of New York City, who delivered one of the most entertaining and able addresses it has been our privilege to hear. Many of us agreed with the toastmaster, who in his introduction of Mr. Moore said that he is "the best after-dinner speaker I have ever heard." His toast was "Dollars and Sense." The address was a scholarly production and contained an immeasurable quantity of sense. Mr. Moore said in part: "I am going to have a word to say about my subject before I conclude. I know it is not considered the proper thing for a man who makes a public speech to address himself to the subject of his discourse, but I am going to depart for a few moments from that rule and talk to you about Dollars and Sense, S-e-n-s-e. There are two things which more than all else determine our position in the world and our relation to the rest of mankind. These two are dollars and sense. Some have one, some have the other, few have both, and a countless multitude have neither. It sometimes happens that a man begins life with a reasonable measure of sense. Later on, perhaps, he acquires a goodly number of dollars, and then, perchance because he has dollars he loses his sense; because he has lost his sense, he loses his dollars; because he loses his dollars, he regains some of his sense. My experience has taught me that a man can keep going and have as badly a good time without sense if he has dollars. There is nobody here of course to attest that, but I have also heard that a man may keep going and have a badly good time without sense if he has dollars. The way is infinitely smoother, and his speed accelerated, however, if he can have both. I have never tried it. There are some things which can be accomplished by sense alone. Many worthy ends may be achieved by dollars alone, but whatever may be done in either direction, there is one thing you may be sure of: no man can successfully run a bank unless he has both. If he has his own sense, very gratifying results may be attained by the use of other people's dollars; in fact, it is just that combination which constitutes ideal banking. Dollars and sense do not always come to us in exactly the same way. In a measure, they do. We can inherit dollars, and do sometimes; we always inherit sense, if we get it at all, for the man that is born without it is doomed to go through life and enter the grave without it. I do not mean that sense must necessarily be handed down from generation to generation. It is not always so, but unless it is so acquired, it is not to be had at all. That family which goes into mental bankruptcy seldom, if ever, witnesses the re-establishment of its intellectual credit and fortune in its descendants. Children may be disinherited, and men who have vast wealth of mentality at times do die and leave the heirs empty handed and empty headed as well. Fools may be born in the home of wisdom, but wise men never in the abode of fools. Sometimes we imagine that we have met a man who has inherited more sense than one of both parents ever had, but if you will scrutinize the case closely you will find away back somewhere along the line of his ancestry there existed a mental estate which, perhaps, has had some good reason to skip a generation or two. The best trains do not stop at every station. So for that reason we very pertinently speak of a man

who has mental ability as a gifted man, or a man of endowment, because it is a gift, and we obtain it in no other way. We all fall into the erroneous habit of speaking of acquiring sense, and learning sense by experience. That is because we fail to discriminate between sense and knowledge. Sense is what we start out with; knowledge is what we acquire by the use of sense. Sense is the capital we invest in a business; knowledge is the dividend that accrues. A man who has sense, by making the proper use of it, may acquire knowledge, and he may learn how to use his sense to better advantage, but he can never create it. There is no school in which idiots may be matriculated and sages graduated. Even a man with a small measure of ingenuity may sometimes, by diligent and persistent use of it, acquire a vast deal of information, an incredible amount of information, and by some indefinable mechanical process he can accumulate a vast number of facts, but with it all, is a fool. We have seen men who were at home among poets, men who could call the myriads of stars by their names and trace their unmarked paths through the distant heavens, men who could weigh the planets and measure the course which they were perpetually ordained to pursue, yet with it all, were fools. And, after all, the accomplishments of a fool are nothing more nor less, and are absolutely as worthless as the sweetest-tone instrument in the hands of a man that has no music in his soul. However pretentious his utterance may be, he is after all, but sounding brass and tinkling cymbal. A man may do a great deal for himself and another may do much in his behalf, to shield his infirmities and to magnify his gifts, and yet, as it was in the beginning, is now and ever shall be, the man that is born a fool must live and die a fool. It is somewhat different with money. We may inherit dollars and often do, else many people who are now rich would never have a penny. It is the easiest and most painless way by which we may come into its possession. There is nothing quite so easy as to step into the possession of an estate which has been liberally provided for in the last will and testament of an accommodating ancestor, and there is nothing in the world that adds more to the enjoyment of the game than to know that you are playing on velvet, the very first stack is velvet, the first chip you toss into the pot is velvet, and that in the game of life, when a man's little pair meets a bob-tail flush, you are only losing velvet. We should be exceedingly discreet in the choice of our parents. But for the wisdom which was exercised in that direction by many people in the social sets of Pittsburgh, Chicago and along the gilded way of Fifth avenue, they could never have advertised their folly as they have done. Also to-day the question that concerns us is the cost of living. It is all the talk in society and in politics, the cost of living. People are not endeavoring so much to remedy it as they are to fix the responsibility. You know we are always willing to interfere in a calamity providing we can show that somebody else is to blame for it. So that when we undertake to account for the present cost of living, every witness at the inquest simply seeks to evade the responsibility.

"The truth is, the people themselves are to blame. There are too many people living; there are too many people consuming the living and too few producing it. What we need in this day and generation is some pain-

less and humane method by which we can get rid of the surplus population. In every community there are a lot of people that might be spared. I could make up a long list from my acquaintance of people whose permanent absence would be sincerely appreciated by their long-suffering neighbors. What we want is a downward revision of the vital statistics. I know this is contrary to the views entertained by the author and publisher of my policies. He has repeatedly sought to proclaim himself as standing for free and unlimited coinage. But when a condition confronts a theory on a single-track road, the latter must take the siding."

Mr. Thomas A. Daly, Editor of the Catholic Standard and Times and with a national reputation for his Italian dialect stories in his amusing manner, aroused a kindly feeling among his auditors for what he termed "Our New American Brother." George E. Allen, Educational Director of the Institute, made a few well-placed remarks regarding the history of the organization and its future prospects. The success of the dinner was again due to the untiring efforts of Eugene J. Morris, veteran promoter of banquets, assisted by J. Norman Ball, F. H. Bendig, John H. Borden, John C. Frankland, Charles Osborne and John G. Sonneborn.

A recent announcement of interest to Chapter members is the election of Frank C. Eves to the directorate of the First National Bank in his home town, Millville, Pa. Only a short time ago we had occasion to congratulate our popular Secretary upon his elevation to the official staff of the West Philadelphia Title & Trust Company.

In the latter part of April our debating team goes to Scranton to argue the Conservation question with the debaters there. The winner will contest with Pittsburgh at the Pennsylvania Bankers Convention for the cup presented by that organization.

Dr. W. M. Daniels, of the Faculty of Princeton University, will deliver the lectures to our Study Class on Public Expenditures, Public Revenues, Public Credit and Budget Making. Dr. Daniels is acknowledged one of the authorities on Public Credit in the United States.

PITTSBURGH.

By John DeM. Werts.

On February 28th, we held our annual debate, the subject being: "Resolved, That the Pittsburgh Clearing House Association should establish a Credit Information Bureau for the use of the local banks." Messrs. A. K. King, Oscar Kapff and W. J. Heyneman handled the affirmative side, and Messrs. F. G. Lancaster, F. G. Eyler and D. H. Thomas the negative. The meeting was well attended and both sides brought out some very interesting points. The decision was rendered in favor of the negative. After the debate Farren Zerbe, of Philadelphia, gave a talk on "Money—Its Origin and Development," and exhibited a fine collection of rare and curious coins.

On March 14th, we had the pleasure of listening to Dr. S. S. Huebner, of the Wharton School of Accounts and Finance of Philadelphia, on "The New York Weekly Bank Statement." There have been very few addresses delivered before this chapter that have made such a profound impression. It was a

practical talk for practical men. Dr. Huebner is an honorary member of the Philadelphia chapter, and if he has any more good things up his sleeve like the address he gave us we intend to see that Pittsburgh gets their share. Philadelphia chapter is to be congratulated on having a man like Dr. Huebner on its roll.

Realizing the honor extended to this chapter by the election of R. H. MacMichael as National President at Chattanooga, we endeavored to show our appreciation by tendering a banquet to him. The banquet was held at the Ft. Pitt Hotel on Thursday evening, March 16th, and about one hundred members were present. Our President, J. Howard Arthur, introduced as toastmaster D. C. Willis, a member of the Old Guard, who is a modern educationist, and we all know what an ideal toastmaster he makes. After one of his usual witty talks, he introduced Mr. MacMichael, who spoke on chapter and national work and gave a very interesting account of his tour among the chapters. Mr. MacMichael was followed by E. A. Lawrence, a member of our local bar, whose subject: "Woman," was handled in a delightful manner, and his remarks will be long remembered by those present. Other members were called upon for impromptu speeches, including Messrs. Alexander Dunbar, of the Exchange National Bank; J. E. Rovensky, of the First National Bank, and A. G. Boal, of the First National Bank of West Elizabeth. The entertainment, consisting of songs and monologues was furnished by Messrs. Schreiber and Price, both chapter members. This is the first large gathering within the chapter and it was such a decided success that it will probably be an annual affair. In introducing the toastmaster, Mr. Arthur, our President made a plea for the bank clerk to take advantage of the educational opportunities offered by the Institute, and said in part:

"The American Institute of Banking is not a local organization, as some of our members are prone to think, but a body of more than fifty-two chapters located in all the large cities of the United States; a body composed of over ten thousand members; without doubt, the largest organization of bank men in the world, with the exception of the American Bankers Association, of which organization we are now a section.

"Our last convention at Chattanooga was attended by more than three hundred delegates from every corner of the United States. Twenty per cent. of this number, at the very least, were bank officials, who heartily endorse the work that we have undertaken. They are lending us all the aid possible to give to this generation and to future generations, the opportunities that the Institute affords. Gentlemen, this American Institute of Banking is a big thing. Big, because it offers big opportunities to you and to every member of Pittsburgh chapter. The opportunity for education along theoretical lines. The training and broadening of our minds. The opportunity of studying the practical side of the business of banking, through personal contact and the experience of the very ablest of our leading bankers. "The opportunity of broadening ourselves along other lines, such as the ability to manage, the ability to superintend, the ability to write upon financial topics intelligently, the ability to speak in public, and last, but not least, the opportunity of meeting in a fraternal way the other bank

men of our city and country, who are actively engaged in the business of banking and by such contact to make ourselves bigger and broader men. The mercenary, narrow minded banker of yesterday is a thing of the past. They have been relegated to the class of things that are not and we have in their place the broad-minded, up-to-date banker of to-day. We young men, and I count myself as one of the least of these, must be wide awake for what these older, more experienced men have to teach us.

"Some of our members are taking advantage of these opportunities and it is very gratifying to state that we have this year, by over 100 per cent., the largest study class in 'Banking and Finance' that we have ever had in the history of Pittsburgh chapter. But even with this very notable improvement, we are far behind the number that should attend this course and the other lectures that we are giving. These lectures by Dr. Temple are only about half over and we have before us the most interesting and most instructive part of this course. So, gentlemen, what I ask to-night is that you put your shoulder to the wheel and push, for let me tell you it pays big dividends."

Our class in practical banking is still maintaining its good record for attendance, and as the time for the examination draws near the interest is increasing. We took for our motto this year, "GET AN INSTITUTE CERTIFICATE," and Pittsburgh chapter expects to give a good account of itself in this line. The two lectures this month were on "Stocks and Bonds," and "Savings Banks and Trust Companies." Our future lectures are to be on the problems of Public Finance and should prove of great interest.

Plans are being perfected for a minstrel show by chapter talent to be given about May 1st. Our chapter is celebrated for its politicians, orators and students and when such an occasion as this arises we are not lacking in the necessary talent to make it a success.

PORTLAND IN MAINE.

By Wallace L. Cook.

Portland in Maine has recently been added to the list of chapters of the American Institute of Banking. Portland, the metropolis of Maine, is a city of some 60,000 inhabitants, situated on beautiful Casco Bay with its many islands, and possessed of one of the best harbors on the Atlantic coast. A city twice its size might well feel proud of its financial institutions. There are in Portland six national banks with total capital of \$2,150,000; surplus of \$1,550,000, and deposits of \$15,500,000. Five trust companies with total capital of \$900,000; surplus and undivided profits of \$1,012,000, and deposits of approximately \$27,500,000; reserve and profits of \$2,900,000.

There are employed in these institutions some twenty-five lady stenographers and clerks, and one hundred or more male clerks, this affords a fine field for chapter work.

There has been in existence in the city for twelve years, the Bank Men's Association of Portland, an organization for social purposes. Two years ago the by-laws were so amended to provide an educational feature. The first meeting of this nature was held in the Y. M. C. A. hall two years ago this April, when

Mr. George E. Allen, of New York City, educational director of the A. I. B.; Mr. A. E. Havens, of the Mechanics National Bank, Providence, R. I., and one of the national directors of the A. I. B., and Mr. Charles B. Wiggin, the first president of the Boston chapter, came to Portland and gave us interesting talks on different subjects. Mr. Allen confined his talk to chapter work and what it meant to the bank men, and then and there the seed was sown which at last promises fruitage. Portland has been considered a conservative city and the bank men lived up to its reputation, and took plenty of time to consider the steps to be taken. Mr. A. A. Montgomery, assistant treasurer of the Portland Savings Bank, took the initiative and secured from Mr. Allen the information desired and then called a meeting of the bank men, at which time a temporary organization was formed and committees appointed on by-laws, etc. On March 2nd a meeting was called for permanent organization in the Board of Trade rooms. By-laws were adopted and the following officers were elected:

President, Harry S. Boyd, Chapman National Bank; vice-president, Lynedon P. Noble, Portland Savings Bank; secretary, Wallace L. Cook, U. S. Trust Company; treasurer, J. B. Crist, Fidelity Trust Company; executive committee, the above named officers and Everett W. Sawyer, of the Canal National Bank; Wm. E. Weber, First National Bank; Charles A. Holden, Casco National Bank; Carlos L. Hill, Maine Savings Bank, and Phillip C. Keith, of the Portland National Bank.

There have been fifty-five signed the by-laws as chapter members and forty-eight of whom start in with the course. There are a good many who intend to come into the chapter in the fall. There is a provision in the by-laws for the directors and officers of the institutions to become associate members, but no attempt will be made this spring to interest them although we have had assurances of support. We have secured temporary quarters in the Natural History rooms a few steps from our principal square. We are sure of a good local instructor and things look bright with the future promising well.

PROVIDENCE.

By E. D. Armstrong.

At the usual monthly meeting, held June 9th, occurred the annual adding machine battle. The warring machinists were six, namely: Messrs. Barbour and Rich, of the Hospital Trust; Mitchell, of the Industrial Trust, and Durfee, Rounds and Thomas, of the United Nat.

Two hundred and fifty checks were listed and each man was allowed two trials. The Burroughs Adding Machine Co. furnished the machines and the prizes.

The first prize, a dress suit case, was won by E. A. Rich, of the Hospital Trust, time 4.06 3-5. Second prize, chapter dues for a year, fell to H. M. Durfee, of the United Nat., time 4.17 4-5.

After the "war" was over, an instructive and interesting lecture on "Foreign Exchange" was delivered by George W. Hyde, of the First National Bank, of Boston. This paper was prepared under the direction of the Institute, and was very clear in its de-

tails and showed evidence of hard work in its preparation.

President Stone, of the Boston chapter, made a short address showing what Boston is accomplishing and what the chapters in general are doing.

The last feature of the evening was an illustrated monologue by "Sid Greene of the Tribune." It was a "headliner." His blackboard illustrations are up to date, and so are his stories.

Our new Year Book has recently been distributed and is a credit to the chapter and the committee responsible for it.

RICHMOND.

By John S. Haw.

Should you drop in at our chapter rooms on any Wednesday night, you would find that Richmond chapter has not forgotten the primary object of the Institute, for there you would find a bunch of fellows engaged in the study of "Banking and Finance." Those of us who have the interest of the chapter at heart agree with Max Adamsky's fable of the Three Sisters—Education, Politics, and Sociability; that is, that Education is the only one of the three sisters that is really IT.

We are using the Institute course of lectures on Banking and Finance, and one of our number who has been previously appointed so that he may become perfectly familiar with it, and that he may supplement the printed lecture with other information he may have gotten, reads the lecture, and we all join in the discussion. And what a discussion we have at times! If you stood off at a distance where you could not hear what was really being said you might easily imagine, from the earnestness and animation of the participants, that some big legal battle was on. Our rule is to make a different man read the lectures each time, because the man who conducts the class is the man who gets the most out of it.

Everybody is talking banquet now, for be it known we are going to have something big ere the April number of the Bulletin is out.

Our February meeting was chock full of good things. The men from the National Bank of Virginia had charge of the program, which reflected great credit upon them. Mr. Allen Crutchfield spoke on the "Savings Department," E. A. Leake on "Progressive Richmond," and James E. Tyler on "Success." After this intellectual feast we pitched into the refreshments which the committee had provided.

The March meeting was another banner one. O. J. Sands spoke on "Banking Problems," and Herbert W. Jackson on "Trust Companies." There was a good crowd on hand, the speakers were good, and not the least enjoyable feature of the evening was the fellowship after the meeting adjourned. If some of the bank officers who never attend our meetings would drop in occasionally, they would be surprised at the deep interest taken in banking by the employees. The men hang around the chapter rooms an hour after the meeting has adjourned, divided up into little groups, discussing different phases of banking, exchanging ideas as to the best way to run some particular desk, or perhaps finding out the law relating to some particular transaction about which there has been doubt.

The Institute men certainly have the laugh on those who do not attend the meetings, for when it comes to getting there, the Institute man is generally the fellow. The reason is easy, for he has prepared himself, and when the opportunity comes for promotion, it's a cinch that he is the man to go up, because he is, the best qualified man.

ST. LOUIS.

By Frank C. Ball.

Every Tuesday evening finds a representative body of St. Louis bank men at the chapter headquarters who are striving to improve themselves in their chosen vocation. The season drawing to a close has been one of the most successful St. Louis chapter has ever known, especially from an educational standpoint.

On Feb. 28th, Hon. John E. Swanger, bank commissioner of the State of Missouri, addressed the chapter. Mr. Swanger's address was a strong appeal to bankers for such a standard of living and dealing with their fellows that the public might be justified in reposing confidence in them and their institutions, Mr. Swanger holding that the confidence of the public is a bank's most valuable asset.

Mar 7th, W. J. D. McCarter, manager of the transit department of the St. Louis Union Trust Company, spoke before the chapter concerning the collection department. Certificates of deposit and exchange were discussed on the evening of Mar. 14th. John J. Scherer, Jr., of the Central National Bank, led the discussion Mar. 21st, concerning the discount department. All of these discussions have proven interesting and helpful.

ST. PAUL.

By Theodore L. Lee.

At our March meeting, held on the 9th, at chapter headquarters, the speaker of the evening was Louis Betz, Treasurer of the State Savings Bank, and he spoke interestingly, though briefly, on the new project, which is absorbing the interest of St. Paul people at present, the organization of an Association of Commerce. This association, said Mr. Betz, is a consolidation of the commercial interests of the city and is patterned after those associations already established in Chicago and Portland. The idea is not to absorb the commercial club, but to work in conjunction with it, the Commercial Club taking care of the social functions. The purpose of the association is to retain the present trade and to promote future growth. The most important project which will receive the immediate attention of the new organization will be the diverting of the channel of the Mississippi River which will give a river front to the city of 260 acres and will do away with the present cramped condition of the railroad approaches and switch yards. In line with this will come the attempt to influence the erection of a new union depot, a long felt want, present facilities being entirely inadequate. The new depot will remain in the same spot as the present structure and Mr. Betz gave the assurance that its erection is not far distant as new plans are now being made. Other matters which will

absorb the attention of the association from time to time will be the development of trackage for the city, a matter in which Minneapolis enjoys a great advantage. Our streets must be widened, approaches to the Capitol must be perfected, in fact, concluded the speaker, the association of commerce will stand for all that is for the making of St. Paul a great city. Elliot Hensel added greatly to the lighter entertainment of the evening with well selected and well delivered recitations, and Mr. Rosenberger furnished several pieces of instrumental music.

In preparation for the spring election of the chapter, the nominating committees were elected. For the purpose of adding interest to the election two committees were selected, each to furnish a complete ticket, one the standpat and the other the insurgent. A warm contest is anticipated. Mr. Rueth, of the National German-American Bank; Walter Honebrink, of the First National; Jos. Shannon, of the State Savings; E. B. Strate, of the Merchants National; J. Whit Timmons, of the Capital National, are the standpat



WILLIAM J. EGAN.

committee. Berrisford Tudor, of the Merchants National; S. R. Harley, of the Second National; Herb Schulz, of the First National; Mr. Bjorkland, of the American National; Geo. Minor, of the National German-American Bank; E. J. Gifford, of the Capital National, and Owen Thomas, of the Capital National, are on the insurgent board.

It is with pleasure that we announce the promotion of Wm. J. Egan to be State Bank Examiner. Mr. Egan has been identified with the Merchants National Bank for twenty-four years and previous to his appointment as bank examiner was a Teller in that institution. His appointment was received through Kelsey Chase, new Superintendent of Banks. Mr. Egan is a charter member of the St. Paul chapter and has always taken an interest in its affairs.

We also take pleasure in announcing the promotion of J. A. Oace to be National Bank Examiner. Mr. Oace formerly held a position with the Scandinavian-

American Bank and previous to this last appointment was State Bank Examiner. Though out of the immediate sphere of the bank clerk, Mr. Oace has kept in touch with the A. I. B., this year being first to pay his dues. In his proven success as an examiner through his latest recognition, his future is assured.

SALT LAKE.

By A. L. Moreton.

The Salt Lake Chapter is working hard to get the convention for Salt Lake in 1912. Last week a theatre party was given at the Garrick to raise money for this purpose. The production being a comic one, names of prominent bankers were used as the butt of jokes by the players to the amusement of all. The show house was decorated in great shape by the management, and all the seats were sold by the chapter, making this a huge success. After checking up the box office receipts and the advertising in the programs, we found we had netted a neat little sum, which we have invested as a convention fund. At our next meeting there will be a debate and soon afterward the annual adding machine contest will take place together with the election of the delegates to the convention in Rochester. These delegates are going to get the convention for Salt Lake City in 1912 and we ask that all the delegates there support us in this.

SAN FRANCISCO.

By Henry L. Clapp.

The chapter has finished the courses in Foreign Exchange and Negotiable Instruments, and is now taking up the lectures as arranged by the Educational Director in Banking and Finance.

Professor B. C. Jones, of the University of California, is the instructor and the weekly meetings are well attended.

Chairman Spillane, of the Entertainment Committee, presented a most gratifying report on the annual show which was held on February 24th last. The chapter netted about a thousand dollars, and the show was as great a success artistically as it was financially. Following is the program—the toastmaster was Geo. McGee:

Appetizer—By the Company.

Relishes—N. E. Branch, R. C. Gingg, Byron Mobbs, F. J. Hoagland.

Entrees—The River Shannon, by Al. Newman; Steamboat Bill, by F. J. Hoagland; Good Old German Beer, by W. J. Clasby, Jr.; Stop! Stop! Stop! by R. C. Gingg; Honey, I Long for You, by George McGee; Skinny, by Byron Mobbs; High Ball, by Henry Kanter; Mother Hasn't Spoke to Father Since, by Tommy Branch.

Roasts—Major Gen'l Pumpnickel, Earl Caldwell and Company; Lauder Songs, Murdo Mackenzie; Songs and Sayings, Al Newman and Rudy Bings.

Dessert—Fancy Cakes, Miss Myrtle Newman, pupil of Maude Sharp's.

Cafe Noir—Betsy Ross.

The Company—George McGee, J. C. Lewis, E. Kaufman, R. C. Gingg, A. A. Quinn, B. Smith, F. J. Hoagland, H. F. Hiller, R. F. Schlingheyde, N. E.

Branch, G. H. Heater, C. C. Bradley, Byron Mobbs, W. D. Lux, Geo. H. Loose, Al. Newman, E. J. Thompson, L. F. Head, F. M. Buckley, W. F. Hallahan, Murdo Mackenzie, W. J. Clasby, Jr., Henry Kanter, Thos. Fuller, Earl Caldwell, E. Clasby.

A portion of the profits are set aside for the Convention Fund of 1915, on which date San Francisco expects to entertain the delegates to the thirteenth annual convention of the A. I. B.

President Day has set the date of the annual banquet for April 4th.

Chairman R. E. Newell, of the Baseball League, reports that eleven banks will enter nines for the season. A schedule has been arranged calling upon each team to play three Saturdays a month.

Past President George L. Woolrich is receiving the congratulations of his friends for his election as a Fellow of the Institute by the Executive Council. This makes five members of the fellowship class from the San Francisco chapter: James D. Ruggles, Frank C. Mortimer, J. W. McDermott, Henry L. Clapp and George L. Woolrich.

SAVANNAH.

By George H. Dieter.

The March meeting of the Savannah chapter was held on the 9th in the rooms of the chapter, at which time the officers to serve the chapter for the ensuing year were chosen and a committee was appointed to arrange for the annual banquet, which it was agreed would be at the Casino on April 21st.

After the regular business had been disposed of, President Taylor turned the chair over to the Chairman of the nominating Committee, who presided during the election. For President, the nominating Committee presented the name of R. J. Taylor of the Citizens & Southern Bank, for re-election, and the Chairman called for a vote. Mr. Taylor was unanimously and enthusiastically elected for his third term, despite his protestation that he should be allowed to retire after having served the chapter as President since its organization two years ago.

Chas. E. Stanton, Jr., of the National Bank of Savannah, was nominated and elected Vice-President for his third term as the chapter feels safe in entrusting to competent and faithful officers, the guidance of its affairs for another term.

The office of the Secretary and of the Treasurer were, on motion, combined and the office of Assistant Secretary created. Louis Rubanovitch, of the Savannah Trust Company, was elected Secretary and Treasurer, to succeed Valmore W. Lebey, who had served the chapter as Secretary faithfully and willingly since its organization. H. W. Johansen, of the Commercial Bank, was elected Assistant Secretary.

A Board of Governors was then composed of the following gentlemen: S. W. Lewis, National Bank of Savannah, Chairman; Joe J. Gleason, Citizens & Southern Bank; R. L. Wylly, Exchange Bank; W. F. Lynes, Real Estate Bank; A. I. Williams, Merchants Bank; H. W. Johansen, Commercial Bank.

After the election several members of the chapter took occasion to compliment the chapter on having secured as officers for another year, men of such ability and experience as Mr. Taylor and Mr. Stanton has proven themselves to be.

Mr. Taylor has always taken the deepest interest in the chapter and it was through his efforts practically unassisted that the Savannah chapter was organized. Mr. Taylor is also Treasurer of the American Institute of Banking. Mr. Stanton has always seconded the efforts of Mr. Taylor and has presided with credit during the absence of the President.

Mr. Taylor was then called on and after expressing his appreciation of the compliment of his reelection, urged upon the members the necessity of taking a deep and lively interest in all of the affairs of the chapter as if the officers knew that they had the support of the whole chapter much work could be undertaken and the brightest success of the chapter assured. Mr. Taylor announced that he had taken up with the Savannah Clearing Association the matter of a donation towards the expenses of the chapter and they had responded most generously with a check for \$150, for which he had already sent a letter of thanks to the association on behalf of the chapter.

Mr. Taylor's remarks were applauded, especially his reference to the donation, and upon invitation of the President, the meeting being adjourned, the members assembled in the refreshment room of the chapter where a tempting and palatable lunch had been prepared.

SPOKANE.

By Arthur S. Blum.

Spokane "Institutors" must undoubtedly be gratified with the manner in which the chapter is being conducted this year. The intense interest shown throughout the year is evidence of special endeavor on the part of the officers and those having to do with the success. President A. S. Lindblad and his staff of workers have brought about the desired effect and harmony exists throughout the chapter.

We were very fortunate in appointing J. W. Bradley as our educational director, as one meeting seems to excel the other in point of interest. Mr. Bradley has at all times been an ardent student of the so-called "something doing" philosophy. Mr. Bradley was recently appointed a member of the committee on publicity of the American Institute of Banking by President Ralph H. McMichael.

Spokane chapter has also been honored by the election of J. W. Bailey, Assistant Cashier of the National Bank of Commerce, as a fellowship member by the Executive Council. This makes two fellowship members the Spokane chapter has.

Our last meeting was held on March 15 at the club rooms. The special numbers on the program consisted of an able address given by Professor Earl G. Constantine on the United States diplomatic service. Mr. Constantine having taken the examination at Washington, D. C., was in a position to give us a very interesting talk on this subject. B. L. Jenkins, Traveling Auditor for the Union Securities Company of Spokane, gave a lecture on "Bank Examination." Following Mr. Jenkins' lecture was a debate, "Resolved, That the American Bank Clerk should not be allowed to marry until he has reached the age of 25 and receives a salary of \$1,200 a year," the negative side being the winning team.

At the close of the business meeting a social session was held, at which cigars and luncheon were

served. The next bankers' dance will be given on April 21st, at the Hall of the Doges, Davenport's.

SPRINGFIELD.

By Fred H. Tilton.

The March meeting of Springfield Chapter proved to be a very interesting and instructive one, we being fortunate in securing Ralph W. Ellis, of our city, as the speaker, his subject being "Real Estate Transfers and Mortgages." Mr. Ellis is one of our leading attorneys, and is an authority throughout the State upon the subject of his talk. He is also a former mayor of Springfield, and is a director of the Springfield National Bank. Mr. Ellis described a deed in detail from the opening salutation to the closing period, explaining all the various complications which were liable to arise through careless wording, or how a deed in after years might be read to mean almost anything rather than that which was originally intended. Throughout his talk Mr. Ellis was followed with the utmost attention, and at the conclusion of his talk many questions were asked him, and much additional information was picked up.

The banquet committee is busy, lines being out for several prominent speakers for the biggest bank event of the season. It is planned to hold the banquet this year in the new Hotel Kimball, recently opened.

The Springfield National Bank people are receiving congratulations upon their fine enlarged and remodeled quarters.

TACOMA.

By Virgil W. Fell.

The March meeting of Tacoma Chapter was a typical Northwestern booster with all the old dyed-in-the-wool members on hand to speak a good word for the Institute at large and the educational work being carried on by the local chapter.

The meeting was called to order by the secretary, who officiated in the absence of the president, Mr. Crocker, who lies critically ill. After listening to some twenty odd speeches, well delivered by Tacoma Chapter's young orators, and signing in several new members, the old and the new Institute workers were united in musical harmony delivered by the National Bank of Commerce Quartette which did yeoman service, responding to encores beyond count.

Plans for the baseball season were laid before the meeting by Chas. A. Craft, an old hand at the bat, who promises laurels from the diamond to be hung on the chapter rooms' walls if given the support he deserves.

WASHINGTON.

By F. V. Grayson.

Thursday, March 2, we had the pleasure of listening to one of Washington Chapter's staunchest sustaining members, Owen T. Reeves, Jr., National Bank Examiner for the District of Columbia, on "Bank Examinations." His wide range of experience, covering

examinations of large banks of the city as well as the smaller country bank, makes him eminently fitted to handle this most interesting and instructive subject. Mr. Reeves enjoys the confidence of the banking fraternity of Washington, and his remarks were given the closest attention.

Foreign Exchange, by John E. Gardin, vice-president, in charge of the Foreign Exchange Department, National City Bank of New York, was the subject for March 9, and was discussed by Mr. Gardin in a most thorough and painstaking manner making clear to the uninitiated the finer points of this branch of the banking business. He has been connected with the exchange departments of the largest banks of the west and the east. Mr. Gardin discussed the nature of exchange; how the rate is determined; the many factors which influence the rate; the importance of buying and selling exchange; gold shipments and the handling of cotton bills, etc.

Subsequent lectures are as follows: Thursday, March 16, "Public Expenditures"; Thursday, March 23, "Public Revenues"; Thursday, March 30, "Budget Making"; Thursday, April 6, "Public Credit." These four lectures are in the hands of Prof. C. W. A. Veditz, which assures us that they will be well taken care of, in his usual thorough and instructive way. In connection with these lectures J. O. Manson, Chief, Division of Accounts, Issue and Redemption Division of the United States Treasurer's Office, will make an exhaustive analysis of the daily cash statement issued by the Treasury Department. D. W. Harrington, Chief of the Division of General Accounts, United States Treasurer's Office, has also kindly consented to address us in connection with these lectures. He will discuss informally, topics of special interest to banking men relative to the operations of his division. No active member of the chapter can afford to miss these meetings.

"Stocks and Bonds," by William A. Mearns, member of the firm of Lewis Johnson & Co., Bankers, was the attraction on Thursday, April 13. Mr. Mearns occupies a prominent place in the financial life of the Capital. He has been identified with the stock and bond business for a score of years and is now President of the District of Columbia Bankers Association. In the course of his address Mr. Mearns will distinguish the various classes of bonds; the different kinds of stock issues and devote his remarks particularly to the methods of ascertaining security values. Mr. Mearns is one of the warmest friends of the chapter, and this meeting should attract a large attendance, as his discussion of these topics will serve as a good basis for a further study of investment securities.

"Trust Companies," by Corcoran Thom, Vice-President and Trust Officer of the American Security & Trust Co., is scheduled for Thursday, April 29. Mr. Thom actively entered the trust company field two years ago after an enviable career as a member of the Washington Bar. To-day he stands in the front rank of our trust company officials. The broad and liberal charters granted to most institutions of this class extend them banking privileges of nearly every nature; and, in addition to their business of a strictly fiduciary character, many trust companies conduct a general banking business. Mr. Thom will define their functions and then dwell particularly upon the business of the trust department. His reputation for doing things well, together with his widespread popularity, will make this meeting not only one of the most instructive, but one of the most successful of the season.

Baltimore City: Belvedere Hotel! Baltimore Chapter! Anyone who has ever been the guest of Baltimore Chapter knows that it is hardly worth the time to say more than the above. It was my pleasure to be one of twelve of Washington Chapter boys on the occasion of Baltimore Chapter's Ninth Annual Banquet, held at the Belvedere Hotel, March 11. We were met at Mt. Royal station with the glad hand and escorted to the committee room at the hotel and tendered a royal reception; after which we were led to a bounteous festal board, where we were dined to the satisfaction of the inner man, and listened to beautiful music, joined in on the chorus and were highly and instructively entertained by the speakers of the evening. We extend our warmest thanks, on behalf of the Washington contingent, to the officers and members of the banquet committee for a most enjoyable evening.

Annual election time is nearing for Washington Chapter and a number of political lamps have been trimmed for the fray. In order not to miss a diamond in the rough there will needs be many lamps of many colors to pick the winners for the different offices this year; for Washington Chapter is on the tidal wave of prosperity and there are many who want to ride on the top wave without having been wet. We believe in giving office to those who have shown by their efforts that they have the chapter's interests at heart, and have always shown a tendency to buckle on the armor of right and justice and endeavor to make a success of any undertaking looking to the betterment of the young bankers of Washington. May the best men win and those that go down in defeat, forget, and rejoice with those that win; for there is glory and work enough for all.

